

CANADA'S WEEKLY NEWSMAGAZINE

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Washington's Global Shift

U.S. Secretary
of State
George Shultz



**INSIDE:
The IMF
and the
Bank**





COVER

Washington's global shift

In a seismic change of direction, President Reagan unveiled an explosive set of peace proposals for the Middle East. The plan was only one of a series of steps toward a more sober, realistic course, a move largely engineered by Secretary of State George Shultz. The shifts also emphasize past policies on Third World aid and the Soviet gas pipeline. —Page 29

COVER PHOTO BY GREGG DEGUI, BLAKE STAR



The IMF and the Bank

As the world's financial leaders convened in Toronto, they confronted a heavily politicized international loans crisis and a banking system under attack. —Page 36



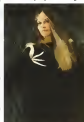
Now he's second's best

Seven years ago a young Dominican didn't have anything about baseball, but now Toronto Blue Jays manager Dave Stenhouse is the game's best second baseman. —Page 44



Trudeau's 6/5 grounding

Shaken by rage and rocks during a Canadian train trip, Pierre Trudeau scrubbed a Far East paint to lead a political offensive at home and save the party. —Page 13



A chokey gale at bad sex

Susan Mangrove has turned from the freeloading to the sublimely satirical, collecting stories of failed sexual performances for which she is offering to pay \$1. —Page 28

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Driving home from the drive-in
Flinging Up the Porsche Pits (Recreation, Aug. 22) failed to mention why drive-ins may have become so popular. Not having been to a drive-in for several years, we recently decided to take our 13-year-old son to see a movie. Immediately in front of us cars were parked in reverse so that couples could stretch out and watch the movie through their open doors. Very young couples went from car to car openly drinking beer and smoking drinks. Much to my horror, in the car beside us were two young men drinking beer and rolling joints. How many accidents occur when these young people drive home? We will not take our son to a drive-in again.

—GEROHAH BODIAM,
Ayrview, Ont.

In defence of Milton Friedman

I am normally a devout fan of Allan Fotheringham's columns. However, I was greatly disturbed by his column of Aug. 5, *Little Shop and Their Tops*, in which he attacked the economist Milton Friedman "... and his poorly supply-side philosophy." Prof. Friedman is not a supply-sider but a monetarist. His is an economic philosophy that is demand- and supply-oriented. I also take exception to calling Friedman's philosophy "greedy." The Nobel Prize committee thought otherwise.

—GEROHAH BODIAM,
Bent John, N.B.

Equality with the Soviets

In his *Panorama* of Aug. 23, Paul H. Robinson Jr. points out that the Soviet Union spends 12 to 14 per cent of its GNP on defence and seems to want us to do the same or, at least, to narrow the gap. He fails to point out, however, that the Soviets have never been able to produce enough food to feed themselves. Perhaps we should try to equal their defence spending. Then, at least, we will be equal in one respect: we will all be hungry.

—ALAN BEARS,
Prestonville

Setting the record straight

The *Ulyssean* Society was happy to be included among the projects described in your excellent Aug. 5 cover story on adult education. *The Myth Jugglers: A Book to Keep Up To* and we appreciate the favourable comment on John McLean's book *The Ulyssean Adult*. However, the impression was left with readers that the society is a quasi-religious organization or cult, and it is important that this be corrected. The *Ulyssean* Society is a wholly secular association of adults

whose only commitment is expressed in its creed: "As a Companion of the Seafarer, I am committed to the noble concept and the joyful fact that men and women in the middle and later years can, if they choose to do so, nobly maintain the powers to produce, to learn, and to create until the very end of the life journey."

—J. GORDON,
Vice-President,
The Ulyssean Society,
Toronto

In your story on adult education the murder of Father Dethleff is attributed to the Hinton Public school teachers and it is said (and many history books confirm) that Saint Jean de Dethleff suffered martyrdom at the hands of the Inquisitors during their war of extermination against the Hurons. Has since new evidence come to light that requires a change in the record?

—R. FRANKLIN KENNEDY,
Halifax, Ont.

There is but one matter that I feel I must comment upon regarding the otherwise excellent article discussing the merits of my special investigation into allegations of patient abuse at Alberta Hospital Edmonton (A Chronicle of Fear and Deceit, Canada, Aug. 26). You state that I take pride in calling myself a "humanist" to the government. That remark was, in fact, made by a former senior official of the department of social services and community health some years ago and certainly does not reflect my view of the position of ombudsman. Like my colleagues across the country, I recognize the importance of maintaining independent links from government and complacency and of being as objective as is humanly possible whenever I investigate a case.

—RANDALL EVANS,
Edmonton

Really living in small towns

I do want to congratulate you for the *Cities* article *The Little Towns and Villages That Grew Up By My Side* and I am small-town people and we thoroughly enjoy it. Anytime I am in a big city I just cannot get out fast enough. In Trail, which has a population of about 10,000, we can walk down the street and say "Hi" to practically every person we meet along the way. These people care about us, and we care about them. To me, that is living.

—H. H. KEYS,
Trail, B.C.

Letters are edited and may be condensed. Writers should supply name, address and telephone number. Send correspondence to: Letters to the Editor, Maclean's magazine, 381 University Ave., Toronto, Ont. M5G 1S7.

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Please, don't shoot the messenger

By Grant Reuser

Upon learning that her lover Mark Ansoy had married another woman, Cleopatra unleashed her wrath upon the messenger. "Tis an hour thy head," she told him. "Thou shalt be whipp'd with six, and stee'd in blood, tomorrow in England." Canada's chartered banks, bringing welcome news of another loan, are beginning to understand how Shakespeare's messenger must have felt.

No one denies that banks are delivering a very objectionable message: high interest rates. But banks are neither responsible for high interest rates nor are they making excessive profits because of them. This became abundantly clear in May and June as witness after witness gave evidence before the House of Commons inquiry into bank profits.

Indeed, so convincing was the evidence that, long before the end of the four-week inquiry, the focus of the committee had shifted to a concern of the very opposite nature—the financial health of the banks and the stability of the banking system. This concern, too, was shown to be unfounded.

In spite of this, the messenger continues to be blamed for the bad news. The accusations of profiteering persist, and, now, added to these are charges that the banks may not have enough capital to cover the increase in their loans and loans losses they during the recession. Some critics abandon reason entirely and embrace both criticism and saving, in effect, that our profits were high because we had too much capital.

Obviously, the banks are not getting the full message across. For example, Canada's chartered banks handle only a little over one-fifth of the mortgages in Canada. But who knows that? When homeowners are upset about high mortgage rates, banks must be the cause. At the end of 1985 per cent of their assets. Outside the country, Canadian banks are considered among the world's best. But do Canadians know this?

It is true some of these misunderstandings were cleared up. I can say that we have not heard the end of bank profits, for example. The best is off now because profits in the first six months of 1986 were down 34 per cent compared to the same period last year. But it could be as again should profits improve.

Why do banks profit so much by 37.6 per cent last year? Not, as many believe, because of high interest rates. The level of interest rates has certainly no effect

on bank profits. In fact, banks can make higher profits when interest rates are lower. The Bank of Montreal had higher profits measured in terms of return on assets in 1978, when the prime rate averaged nine per cent, than in 1981, when it averaged 19 per cent.

The main reason for the 37.6 per cent increase in bank profits last year was increased bank lending. This directly reflected the unusually heavy demand for bank credit. Much of this demand, particularly for takeovers of foreign-owned companies by Canadian corporations, was due to the federal government's National Energy Program (NEP). Canadian corporations also turned increasingly to banks for short-term lending when their traditional sources of financing—the bond and equity markets—had dried up.

I cannot begin to imagine the uproar that would have ensued had Canadian banks refused to accommodate Cana-

Unless action is taken, today's troubles could be only a prelude to more bankruptcies, shutdowns and layoffs

dian borrowers who wanted to finance takeovers of foreign-owned companies, as encouraged by the federal government, or had we refused to accommodate the financing needs of Canadian businesses—Canadian companies, let us remember—who had nowhere to turn. The hat and cry about bank profits would, by contrast, sound like a hymn to capitalism.

Banks, fulfilling their function, were able to meet the heavy demand for loans and because they did more business, they made more money. Those who refuse to recognize this and prefer, instead, the theory of the big bad banks taking advantage of an infatuated nation to rip off the Canadian public, may find solace in pointing to a scapegoat. But they do a disservice to public understanding of the serious economic problems facing this country, and to their resolution.

Suppose we concede that banks have gained from the greater volume of business and not the high level of interest rates, can one still argue that the level of profits is excessive? Far from it. If anything, profits are too small to sup-

port the demands on the banks. This is because as banks increase their lending, so must they increase their capital. And the main source of capital is profits, about 70 per cent of which are retained and reinvested in the capital base. Extra capital is needed to protect the savings of depositors—especially contained deposits, which make up about two-thirds of the total. The last thing we need, in addition to all the other problems in this country, is a weak banking system. In short, the accusation of excessive bank profits has no foundation whatsoever. We could dismiss it, were it not so dangerous—dangerous in that it helps to shift attention away from the real story behind high interest rates, which is that inflation is too high, government demands on available savings are too great, the pool of savings available for investment is too low, and government policies are encouraging capital to leave the country and discouraging it from coming in. There was a net outflow of \$5.3 billion in foreign direct investment last year; in 1985 there was a net inflow of \$55 million. The dramatic change was due, in large part, to the sale of foreign-owned oil companies, encouraged by the NEP.

In this difficult economy Canadians should be demanding to know what can be done about this. Instead, we leached a House of Commons inquiry into bank profits. Misguided as it was, however, the inquiry may yet do some good. By revealing the main source of last year's increase in bank profits, the inquiry may alert Canadians to the problems that are seriously undermining the country's economic base. Unless this process is soon reversed, what we see today will be surely a prelude to even greater troubles—more bankruptcies, shutdowns and layoffs. The profits inquiry could make this generally known and thus help to spur corrective policies—to reduce the federal deficit through lower government spending, to reduce interest rates, and to improve the climate for investment. If this happens, the flood drained at banks will have served a useful purpose.

In the meantime, banks are philosophical. As Cleopatra observed far the ages, "Though it be honest, it is never good to bring bad news." Unfortunately, banks have no choice.

Grant Reuser is deputy chairman and deputy chief executive officer of the Bank of Montreal.



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FOLLOW-UP

Death of a hunger strike

A Irish Republican Army hunger striker Bobby Sands lay dying in Belfast's Maze prison last year, a friend pronounced that his death would generate enough anger in the Irish people to "fuel the struggle for the next 50 years" (*Macdonald*, May 18, 1981). In a swift and grisly game of follow-the-leader, nine more convicted terrorists of the provisional IRA and the smaller Marxist Irish National Liberation Army (INLA) fasted to death, sparking demonstrations around the world and even here in the streets of Northern Ireland. Now, however, the IRA and INLA movements within the H-block compound at Maze prison have devolved to a polite protest. Although few of the strikers' original demands were met, the prospect of another hunger strike appears remote. Said Richard McKeay, provisional IRA spokesman: "I don't really see it happening again."

What finally got an end to the hunger strike was the refusal of prisoners' families to go along with it. Sands' mother, Rose, had not asked doctors to intervene to save her son's life since he

Waving black flags for Sands



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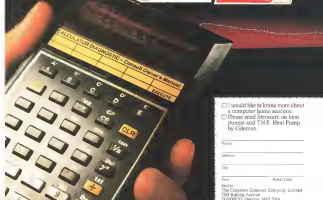
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had fallen into a coma, saying "He said we not to, and I promised." Still, after five months, the relatives of these hunger strikers who were nearing death decided to authorize measures to save them. Faced with that revolt, the Republican leaders orchestrating the protest from outside the prison had no choice but to call it off.

Three days after the strike collapsed, the British government, in a conciliatory gesture, granted all prisoners in Northern Ireland a package of reforms, the most important of which was the right to wear their own clothing in the

prison at all times. The Irish nationalists claimed that as a victory at the time. "What is certain is that the right by the prisoners to wear their own clothes has been won by the deaths of the 10 H-block martyrs," said Gerry Adams, thought to be a high-ranking IRA officer. In fact, the reforms applied to all prisoners in Northern Ireland and fell far short of the famous "five demands" made by the hunger strikers. The demands, which would in effect have given them prisoner-of-war status, were for no prison work; no prison uniforms; free association within

the jail; restoration of lost remission; and special privileges over nonterrorist prisoners.

Although those demands remain largely unanswered, prisoners are no longer willing to die, or even protest vigorously, to achieve them. The number of protesters at Maze prison has dropped to 176 from a high of 500 last year, out of a total prison population of 1,000. In contrast to earlier movements, such as the "dirty protest," in which prisoners refused to wash and defecated and urinated in their cells, and the "blacket protest," in which they refused to wear anything but blankets, today's protesters simply refuse to do any kind of prison work. Says a senior British official: "They want to choose what they want to do and when they want to do it. Unfortunately, you can't run a prison that way."

The protesters spend most of their time locked in their cells but emerge four times a day to sit in communal dining halls and for at least one hour's open-air exercise. They are punished with the loss of certain privileges and by having to serve more of their sentences. For every 26 days they refuse to work they lose 18 days' remission, which means they end up serving three-quarters of a full sentence rather than the typical half. The soft penalty has helped persuade many prisoners to conform to the system. That, in combination with the release of some original hard-core protesters upon completion of their sentences, has resulted in a steady decline in the strength of the prison movement.

Today, even the militant leaders concede that there is little likelihood of another hunger strike. Rumors swept Belfast last month that about 30 IRA prisoners in Belfast's Crumlin Road jail were planning to start a hunger strike Aug. 25, the first anniversary of the death of Mickey Dineen, who was the last hunger striker to die in Maze prison. But those rumors were quickly dismissed by IRA leaders, and nothing came of them.

Despite their failure to achieve all their original goals, IRA officials still say that the hunger strike with its 10 deaths was worth it. Said IRA spokesman MacAuliffe: "I don't think it was a defeat to the Republican movement in political terms. It opened a lot of doors for us internationally and it taught many people in Northern Ireland a very valuable lesson—that the argument of the Brits that change could be effected by peaceful political agitation was a complete miss. The only way the Brits can be shifted is through armed force, and we will see the results of that lesson." As martyrs, at least, the hunger strikers are assured of a long life.

—ROBERT ROYCE, in Belfast



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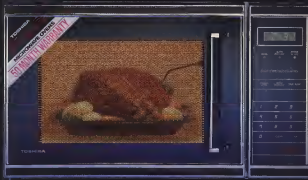
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**TOSHIBA STANDS
 THE TEST OF TIME**

TOSHIBA

A tempest in a treasure-house

By Mark Ahlley

A fragment of the sphinx's head has spent the past few decades stored out of sight in the British Museum. Now, the Egyptian wall it back. An 800-year-old Babylonian statue from Sri Lanka stands proudly as display, but the government of Sri Lanka has formally asked for its return. Even the Elgin Marbles, the most famous treasures in the world's most famous treasure-house, have become the subject of controversy. Although no official request has been received by the British Museum, the Greek minister of culture, Melina Mercouri, has publicly indicated that Greece wants back the magnificent classical sculptures that once adorned the Acropolis in Athens.

But in Bloomsbury, the artistic heart of London dominated by the museum, the mood is adamant: nothing will be returned. In fact, as act of Parliament forbids the disposal of any of the museum's possessions except for duplication—and, as David Wilson, British Museum director, explains, "Restoration is against our philosophy as well as our statutes."

His relative has deep historical roots, for the British Museum has been displaying, classifying and interpreting world culture for more than two centuries, although the grandiose building where most of its collections are now housed was not completed until 1852. Before that most objects were kept in a

garret, but decaying, loose, and the Elgin Marbles stood in an unsightly shed. The prime splendor of classical art, the Marbles were rescued in 1806 by the British ambassador to Turkey, which then can be called Greece, from almost certain destruction. Yet many of the museum's collections were acquired in a less laudable fashion. Throughout the 19th century, from India to Nigeria, Persia to Iraq, the riches of world culture were looted by British explorers confident in their imperial faith. Nowadays as many as four million visitors a year, twice as many as a decade ago, come to see the glorious results of this brutal acquisitiveness.

Although the museum is a centre of international scholarship, in a bright afternoon tour can usually be seen lazing about on the wide front steps of the south entrance. Unusually, many more the power in the 19th-century allegorical frieze over their heads—Richard Westmacott's Progress of Civilization. Despite the



casual appearance security is tight and has been so ever since 1845, when a deranged visitor used a Babylonian statue to smash a precious vessel of Roman glass, the Portland Vase, into 200 fragments.

That same concern for security meant that, until the 1970s, the museum refused to lend anything to anyone. But this policy has recently been softened. In 1975, for example, selected watercolours of the great English painter J.M.W. Turner were sent to other galleries and museums in Britain, Denmark, Switzerland, the United States and the Soviet Union in celebration of the bicentenary of his birth.

The British Museum's role as a universal treasure-house means

that it is continually looking out for artifacts and artworks. An annual purchase grant of £1.6 million (£0.5 million) from the British government is supplemented by an undefined amount (expected to be about £500,000 (£1.1 million) a year) from gifts and bequests. The most famous and lucrative of these comes from the glazier-artist George Bernard Shaw, who devoted all his posthumous royalties among the National Gallery of Ireland, the Royal Academy of Dramatic Art and the British Museum—in gratitude for the many happy and inspiring hours he had spent there.

Despite such occasional displays of largesse, the museum suffers chronic financial difficulties. Yet a 1975 decision to replace an admission charge imposed a wave of protest and was quickly reversed. To date, the only external threats to the institution have been caused by war. In 1947 the British Air Force Board planned to use the galleries to store airplanes; luckily, they were found to be unsuitable. In the Second World War German bombs destroyed about 200,000 of the library's volumes, some of these irreplaceable. The museum's treasures, however, had already been removed to the relative safety of tunnels under a Welsh mountain, country houses in rural England and the London



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underground system. What would happen in the event of another war in an official secret, but it is thought that the most valuable items would go, along with the Royal Family and the greatest paintings from the National Gallery, to remote shelters in Wales or Scotland.

A more immediate problem, however, is the demand for restitution of the museum's possessions by their countries of origin. The more suggestions emanate in Britain's international community, and there is no support for the idea from any of the major political parties. London teacher and activist Mike Barber, however, is one of a small group of Englishmen convinced that the Elgin Marbles belong back at the Acropolis. "To really appreciate a work of art, it should be seen in the context in which it was created," he says. "Today, we're not justified in keeping these statues on the grounds that the Turks were destroying them 150 years ago."

British Museum officials reject the suggestion that its holding sets objects gained originally by pillaging and in maintaining the very concept of a "general repository" is an age of specialization. The museum is somehow old-fashioned. For his part, Director Wilson says, "Nevertheless we are trying to be actively international, rather than narrowly national, and in this the British Museum is absolutely up-to-date."

No matter how strong the clamor from abroad, the British Museum is not about to let anything go. Says a defiant Wilson, "We are an essential element in world culture, and if you start to destroy any part of it, you gnaw at the roots of universal culture." In the cultural domain, at least, Britnians will continue to rule. ☐

British Museum lobby tourists



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CANADA

A 6/5 grounding of Trudeau's travels

For more than a month, Liberal strategists have argued that the prime minister's planned circuit through the Far East was political suicide and begged him to stay home. But Pierre Trudeau would not listen, conceding that he had miles to go and promises to keep. Therefore, when his office issued a curt cancellation of the three-week, six-nation tour last week, it meant that Trudeau had finally submitted to an orchestrated scheme aimed at rescuing the economy and party fortunes. The spectacle of the disgruntled prime minister, no longer exotic leader for the sake of excitement, in fact, only the first step in an elaborate campaign to pump new momentum into the flagging six-and-a-half-year tour.



Trudeau and Nakasone: If it was no fun, then it would have been agony.

The subtle to keep Trudeau on the home front was lengthy and nerve-racking for party loyalists. Throughout the first week of August, senior Liberal strategists Keith Davey, party President Norman MacLeod and Principal Secretary Tara Ackerley repeatedly warned that the public would view a trade tour to Japan and the five ASEAN nations—Indonesia, Singapore, Thailand, Malaysia and the Philippines—as a prodigal holiday. Trudeau argued that he had already postponed visits to the Philippines and Indonesia last fall and he insisted, "There is never a 'good' time for these trips." Then he and his three children took their controversial holiday in the West aboard the vicariously railway cars. Shocked by the depth of public rage—and the volume of rocks and tomatoes—Trudeau admitted that bad publicity from his Asian tour could further damage the government's restraint campaign. He also told aides that he regretted his "naïveté" one-finger gesture at peaceful demonstrations. Encouraged by these admissions, the strategists repeated their plea. Then, Privy Council Clerk Michael Piffard rebuffed Trudeau at his Harrington Lake retreat and insisted that he was needed at home to oversee cabinet decisions in the upcoming speech from the throne in November.

Trudeau asked for two days to think. After talks with the trade and external affairs departments he cancelled the trip, and his office advised the various ambassadors and high commissioners. Regret a senior strategist. "The destinations were just so exotic. If people were sure that he wasn't going to

businessmen in Tokyo had, however, commented on expelling Trudeau's tour as a sideshow by showing him off and enhancing their standing. "The cancellation has been a blow to us," lamented Jean Boivin, one of the Canadian Chamber of Commerce in Japan.

Trudeau's new stay-at-home image means that he can now be deployed in the restaurant war. According to plans, the prime minister will show most public speaking invitations since trade demonstrators could grab the headlines. Instead, while Trudeau tried South Korea's President Chun Doo-hwan during a three-day state visit last week, aides only arranged for "pressing" interview requests. Trudeau will also campaign in three Ontario by-elections slated for Oct. 12. And it is likely that he will shuffle his cabinet before the Commons convenes on Oct. 22.

The prime minister's agenda is, in fact, part of a calculated political calendar that is designed to create the impression of hard work and renewed popularity. Such attempts at seasonal renewal have become almost a seasonal rite for embattled Liberals. The latest version is scheduled to start on Sept. 12 and 14, when the priorities and planning cabinet committees will meet at Meach Lake to explore new legislative initiatives. On Sept. 26 the full cabinet begins a series of meetings to wrap a season-opening throne speech. Sea-

Piffard's rage, rocks and tomatoes



Maclean's

starting job creation, economic development and pension reform. After a November party policy meeting, the autumn drama will culminate in a new parliamentary session and some new economic news.

While these serious political discussions unfold, the irresponsible Senator Ducey will be flinging the \$50-and-Pine Soladine ad campaign, with its vulgarism and a pretty newsletter. Last month Ottawa spent \$5,000 on \$50-and-Pine Soladine for three major elections. But the senator has apparently rejected a major two-month advertising campaign to peddle the plan. The suggested ad campaign (it would be paid for by the taxpayers—had Trudeau asking all Canadians to reduce their demands so that senior citizens would not suffer because of the 50-cent-per-ounce on pension cheques.

Instead, Ducey has apparently decided that there must be some emphasis on the Liberal battle to natural prices in the wake of several dramatic hikes. Last week the cabinet reluctantly allowed TransCanada Pipeline Ltd. to boost its transportation charges for natural gas by 10 per cent. At the same time, all product prices increased because of a \$2.25 hike in the price of a barrel of oil. Oiloline shot up by about two cents a litre. To combat the bad publicity, Ducey has been asking firms that adopted wage restraints to tack the government logo—"U.S. Working Together"—onto their letterhead and product labels. He reckons that these companies will then be too embarrassed to raise prices. The senator is also begging educators to produce more readable price rollbacks.

The new federal emphasis on prices may at least address some pressing political concerns. Northern Ontario Liberal MP Keith Penner, for example, notes that unemployment has hit an 40 per cent in some small towns in his riding. Most constituents, he adds, feel lucky to have a job—so wage restraint does not disturb them. But the local telephone company has applied for a 16-per-cent rate increase. The price hike comes when companies are "dismally nervous" about the cost of operating their vehicles and heating their homes. "Living in Northern Ontario is costly—there are few breaks—and when the economy is down, life gets pretty close to desperate," says Penner. "So there's no question about wages here, and there's a lot of worry about prices. That means that every time there's a failure—every time the gas prices shoot up—it really hurts the government's policy." But that kind of damage, as Trudeau now acknowledges, pains him as he nears away on his plane.

—MARY JANGMAN in Ottawa, with files from Peter Morill in Tokyo

VANCOUVER

Big Mac endures an attack

For residents of Vancouver's plush Shaughnessy area and for McDonald's, the fast-food restaurant chain, a plan to help children suffer from hunger has turned into a public relations nightmare. McDonald's became involved in the affair by offering to provide almost half of the \$1 million required for a residence for out-of-town families whose children were being treated at Vancouver's Children's Hospital. But the first attempt by a nonprofit society formed to run the residence was a failure. It bought a house and sent its staff out to see its apartment complex in June because the residence did not meet housing requirements.



Children: no hamburger advertisements and no golden arches over the residence.

The Ronald McDonald House Society tried a second time, taking out an ad on a house on Angus Drive, a street of large, spacious houses less than two kilometres from the hospital. The site was approved last week but, for some of the neighbors, it is still both too close to them and too far from the hospital. They were worried that a 15-bed residence used by families, staff and hospital workers would increase traffic on their quiet street. The two families living closest to the proposed residence, however, did not object.

But when the crucial vote was taken city council last week, Thomas Hyllien, 50, one, was there to speak against the plan. For 24 years Hyllien has lived across the street from the house that the society wants to turn into a residence and he admitted that arguing against the proposal was like being opposed to his neighbors. He said that the society's argument of no more than 27 people living in the house

at any one time was too low and he asked that the application be turned down. All that was embarrassing to McDonald's, which has contributed more to 35 such projects in North America (including one in Toronto) and Australia since the first one was set up in Philadelphia, Pa., in 1974.

Some of the neighbors, such as Douglas McGovern, liked the idea of a residence for sick children—but in a more moderate way, not in their neighborhood. That did not sit well with Aid Warner Kennedy's concept of a shared social responsibility. "I've got a hunch," he said, "that many of the neighbors will be quite grateful to carry out their social obligations so unobtrusively."

For his part, David Gillanders, head of the society that will operate the residence, quickly reassured the neighbors that there would be no hamburger advertisements on the car ferrying families to and from the hospital, and no golden arches over the residence.

Parents who bring children sick with cancer or other serious illnesses for treatment will have something other than hospital costs to keep on when they come to Vancouver now that approval has finally been given for the residence. It could be operating within nine months and Gillanders, struggling to contain his relief and joy, quickly agreed to reduce the beds available at that should be needed to solve any problem of traffic noise. Sick children and their families get a temporary home, McDonald's gets some good publicity against the proposal was like being opposed to his neighbors. He said that the society's argument of no more than 27 people living in the house

—MALCOLM GRAY in Vancouver

QUEBEC

Twenty Mounties in three docks

There were no fewer than 20 members of the Royal Canadian Mounted Police on display in Quebec last week. But the government's performance was a good deal less festive than the force's famous Musical Ride. In fact, all the Mounties were being presented—in three different cities—for alleged wrongdoings during their fight against separatists in the early 1970s.

In Montreal Mayor Jean Jacques Vermette underwent his second preliminary hearing into charges that he and 10 other Mounties stole computer tapes containing the membership lists of the PQ in 1970. Vermette's first trial ended abruptly last May after Premier René Lévesque denounced a prosecution witness as a "sleazebag" for testifying that the PQ was using prostitution to gain access to federal secrets. Vermette's trial was expected to lead to the dropping of the charges against him and the others. But Quebec justice department officials, determined to get their Montreal casey as late, chose to try again for a conviction.

In nearby St. Jean a preliminary hearing for four more officers charged with the theft of four boxes of documents and notes of detainees in April, 1972, concluded, and a ruling on whether the case will go to trial is expected on Sept. 22. Meanwhile, in the Eastern Townships' Palais de Justice at Granby, lawyers for five more officers opted to go straight to trial by jury to face charges concerning an alleged hate-burning in May, 1972. The Crown claims that the Mounties were certain that separatists were meeting at the bars but they were unable to install adequate eavesdropping equipment so they destroyed the recordings.

The irony of the appearance of so many more Mounties in court on the wrong side of the law was increased by headline. Most of the alleged wrongdoings occurred after the PQ's secretary who had kidnapped British Trade Commissioner James Cross and murdered Quebec cabinet minister Pierre Laporte in October, 1970, had led to exile. The federal police force, criticized at the time for not preventing the October crisis, suddenly tried to infiltrate the PQ—only to find that there was little left of the organization. Undaunted, the investigators spent the next few years carrying out underground operations which accomplished little but to keep fear of the PQ itself alive.

—ANNE ROBERT in Montreal

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When frost and drought strike

It is a part of Fuzhou folklore that smart farmers never count their money until the crops are in the bin. In case some might have forgotten the rule, they were rudely reminded by a killing frost that stalked across the banks of the wheat belt in eastern Kazakhstan and western Mongolia last week.

The frost was an abrupt letdown from the heartening predictions of a record Prairie grain crop of 45 million tonnes, which, along with word that the 1981 crop year had set grain-export records, made for cheerful times in the breadbasket. Instead, forecasts were being scaled downward last week as reports of frost damage flowed across the fields of Canadian Wheat Board acre-

stress on the officials, one of whom said that the worst frost since 1905 hit, six days after temperatures had plummeted to a minimum -5.0°C for up to 30 hours in parts of northeastern Saskatchewan. The toll was still the subject of speculation rather than confirmation. "I wouldn't want to play with figures. I just don't know how you get a handle on it, because the effect depends on the crop and its stage of development," said Pete Peterson of Yorkton, a veteran of 35 years as an agricultural representative for the Saskatchewan government. What was obvious, however, was the scope of the threat, which





Automatic ball-loading offshore, see how attractive large is for the marauding cod

NEWFOUNDLAND

When even the bait won't bite

The trouble with fish, as Pierre Trudeau once remarked archly during an offshore jurisdictional battle, is that they tend to swim around. This summer in Newfoundland the cod here still been swimming into the sea, confirming King God's resolution as the most painful part of the coast. But as the season for fishing with hooks approaches, a wholly new problem has surfaced: the bait used to catch the cod has all but run out, a fact of sea life that both threatens to raise prices of a popular dish on Canadian tables and worsens an already uneasy industry.

The two preferred baillies are squid and mackerel, pieces of which are tough enough to stay on a hook and soft enough to tempt the marauding cod. Moreover, neither squid nor mackerel has ever been popular among Canadian fish eaters. But the fish-squaring squid from Newfoundland has caught on with gourmets in Japan, and mackerel is now an important protein source for the U.S.S.R. And, worst of all, for reasons that escape marine biologists, there have been almost no squid or mackerel caught off the island this year. Fishermen who had been comfortably accustomed to plentiful stocks of fishery subsidies but at 38 cents a kilogram can be forgiven for feeling that they are sunk.

To supply the August-December trout fishery, the operators of the Newfoundland Bait Program like to have 900 tonnes stockpiled by this time of year. But Fisheries Development Branch Director Frank Slade confessed in St. John's last week. "We don't have one pound on hand." No one can remember a year when both squid and mackerel so abundant themselves, and, while hoping for a late, massive mackerel

strike in Newfoundland waters, officials will now likely have to import 1,000 tonnes of mackerel all the way from Buenos Aires. If the expected price of about 75 cents per kilo seems stiff, that for the preferred squid—\$1.80 per kilo—is downright undeliverable. Slade and his colleagues would rather not say how much the effective bait subsidy will cost Ottawa this season, but the expected price is 84 cents per kilo more than the fishermen now pay—\$149,000 for a kilotonne. That is only the beginning: the crucial south-coast winter cod fishery requires yet another 1,200 tonnes, on which Ottawa would lose \$600,000. "We are going to have to look at an increase in the price of bait," the fishermen's worried Slade. "I don't know how long we're going to be able to absorb these costs."

The bait program is a Newfoundland anomaly, set up under British rule in 1930 and handed to Canada under the 1949 Terms of Union. Since Nova Scotia fishermen must pay market prices about 38 cents per kilo for mackerel, more than twice the subsidized price for both bait varieties to Newfoundland fishermen. If Ottawa bumps up the price, Newfoundland fishermen are sure to wail. This year's fish-price agreements between catchers and processors are just about completed, and higher bait prices would squeeze the long-line operators' margins. Moreover, Slade points out, raising the price processors pay might push North American consumers even beyond "what the market will bear," since Newfoundland fish competes fiercely with poultry. For a province that suffers Canada's lowest standard of living that is grim news indeed.

—RANDOLPH JONES in St. John's

THE NORTH

Pride and politics over land claims

Resistance at the altar is set on-ward-of, but rarely have two prospective marriage partners been so refused and even downright hostile as the Métis Métis and the Métis Association of the Northwest Territories. But for at least the third time in the past eight years the two groups last week agreed to start bargaining over their vows again. It took an Arctic version of shuttle diplomacy and mounting pressure from Ottawa and from their own members up and down the Mackenzie Valley to make it happen, but the way now seems clear for a resumption of stalled land claims talks and, possibly, harmony between the two groups, which together represent about 14,000 native people.

Last week's action took place in the Mackenzie delta town of Inuvik, where the Métis association had its annual meeting, and 170 km upriver is the scenic river village of Fort McPherson, where Métis delegates were gathered. The obstacles were manifold. Past attempts at a merger have foundered for many reasons, the independent pride of the Métis, all too often the pariah of Western Canada, being one of them. "We have always been the forgotten people. We have been out-caste as 'Others,'" says Bob Stevenson, president of the 5,700-member association. On the other side there has been the fear among the 8,000 Dene that, by accepting constant advice as members, they would ultimately be handing themselves vulnerable to non-Indian control. There are also cultural differences between the two groups. The Métis tend to be

more fervently inclined to development in the North than the more traditional Indians. As well, there is the political rivalry between Stevenson and Dene leader George Erasmus, frequent squabbles over whom to blame for past merger failures and last land claim opportunities, and a continuing fight over money (the latest battle is over the \$21 million in federal money allotted for land claims research and negotiations this year, of which the Dene have given only \$200,000 to the Métis).

But patience with politicking has been wearing thin in the North. "We would like to make it very clear that the action of both executives and their respective members will not be tolerated by us anymore, and that's final," warns Fort McPherson Chief Johnny Chasie in a newspaper recently. When this combined with Ottawa's insistence that the two sides could do whatever they liked but that only one settlement will ever be signed for the Mackenzie Valley, the pressure for compromise became irresistible. Cooler heads from both sides chartered aircraft or made the dusty, 24-hour drive along the Dempster Highway with proposals and counterproposals. Pride and politics abated as the Métis, some on horse and others on foot, wrestled with the notion of assimilation, while the Dene assembly had special morning prayers to ask for strength. Finally, after three days, two breakthroughs were achieved. The first, paving the way for a resumption of land claims talks, was a definition of eligibility in any such settlement. The two assemblies agreed that any native peoples of the western N.W.T., whose ancestors signed Treaty No. 8 of 1899 or Treaty No. 11 of 1911 or who were paid off by the Half-Breed Survey Commission of either 1921 or 1954, will be entitled to share in the eventual settlement.

For the Métis this is a major compro-

mise and will almost certainly split the association. Many Métis came north after the Second World War and will be disenfranchised by this agreement. Former association vice-president Joe McInerney, for one, refuses to consider a date like 1921 for the cutoff in eligibility. The balking 40-year-old activist and graduate student says he will fight within the association on behalf of his neighbors in Fort Smith, as will Métis in the town of Hay River and Pine Point, many of whom are postwar arrivals.

In the second resolution passed last

week, the Dene and Métis agreed to create a committee that will convene the communities to search for the means to formally amalgamate. However, the real foundation of a lasting pact may be the decision taken by the Dene, not yet ratified by the Métis, that there be one land claims negotiator for the two groups, and that he not be a member of the executive of either but approved by both. Such a figure of state-like the coarctation will be difficult to unearth but, once found, could mean peace along the Mackenzie.

—RANDA SOUCHETTE in Yellowknife

Stevenson squabbles over the Dene



Erasmus: some fears and some raps



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An old and new call to the polls

The new beg and the death of the previous but thought deeply last week, came up with the same answer, and Prince Edward Island and New Brunswick both got elections this fall as a result. P.E.I. Premier James Lee, in office only 10 months, will lead his favoured Conservatives to the polls on Sept. 27, while on Oct. 12 incumbent Richard Hatfield, Tory ruler of New Brunswick for almost 12 years, defends his premiership for the third time.

The New Brunswick vote is likely to

be close (the Conservatives had only a two-seat edge in the last session), and the campaign bitter. Hatfield, 51, lately remarked last week that he was glad he wasn't running with Ottawa's support. Coming from one of Pierre Trudeau's few consistent provincial allies, this seemed a trifle disingenuous, and Liberal leader Doug Young was at pains to link the premier with the prime minister while keeping himself at a distance from his fellow Grit. Aside from partisan slanging, Hatfield is expected to extend voters frequently of the circumstances of Young's ascension to the leadership last February, when then leader Joe Daigle lost the confidence of his caucus. Young, 42, a Truro lawyer, was seen as instrumental in Daigle's downfall, and John Bryden, the party's executive director, accused Young of paving his road to success with "his trampled calls of former colleagues and associates," upon resigning. Hatfield last week said he wasn't going to talk about Daigle and then did little else. "He [Young] is interested in only one New Brunswick, and that is himself, and he will do anything, promise everything, and of course not keep the promises like he didn't keep his promise of loyalty to Mr. Daigle," Hatfield reflected aloud.

That sort of rhetoric is at least more interesting than New Brunswick's barefaced economy, which will likely be another major talking point of the campaign and which is in sorry shape. Unemployment is down four per cent since the spring but still sits at 13.2 per cent, and there appears to be little hope for any recovery in New Brunswick's far-

est industry, the province's major employer. Hatfield is likely to claim that the improvement is due to job-creation measures contained in a May budget, which calls for the largest deficit in provincial history. For his part, Young attacks the budget deficits and the level of unemployment and says that after 12 years it is time for a change.

The race probably will be decided by a handful of seats. In 1978 only 99 per cent separated the two parties.

On Prince Edward Island the signs



Lee, (left), Hatfield the same answer

had been posted all summer: nomination meetings, a surge of road construction projects, a clutch of cabinet ministers at every rural fair and festival—and reports that professional politicians were sampling islanders' feelings about the government. As a result, Premier Lee announced the Sept. 27 vote, only 34 years into the five-year term the party won in 1979 by taking 35 of the 32 seats in the provincial legislature.

Given the tough economic times and the evidence of recent election upsets in other provinces, there were some who wondered why Lee had not waited at least until next spring, before putting his job on the line. But Lee reasoned that he needed a mandate from the voters in the ongoing "national negotiations" P.E.I. has with the federal and other provincial governments. Beyond that was Lee's frequently expressed desire for a personal mandate that would make him more than his party's chosen

heir to former premier Angus MacLean, who stepped down last November. Opposition Liberal leader Joe Ghis had another explanation, claiming that Lee had called the early election because the premier's own opinion polls had shown his government was "losing popularity with the people of the province" and chose to act before the rot went any deeper.

Like Lee, Ghis will be fighting the election for the first time as a party leader, but that is almost the only resemblance. Lee, 45, is a former real estate agent who became a party worker in his teens and first won a seat in the provincial legislature in a 1935 by-election. He defeated three fellow cabinet ministers at the party convention that chose MacLean's successor by calling in all the marbles he had accumulated during nearly 20 years as a party stalwart. Sober, often dull as a speaker, Lee seeks to present himself as a calm and competent manager in a time of hardship.

Ghis, 37, is the island-born descendant of Lebanese immigrants, the first "ethnical" ever to lead a major political party in a province dominated by Scots, Anglo-Saxons and Acadians. He was picked to lead the Liberals only two weeks before the Conservatives chose Lee. The province's best-known criminal lawyer, a background that shows in his sometimes political rhetoric, Ghis has been handicapped by not having his own seat in the legislature.

When Lee called the election, he singled out his government's programs on job creation, general economic development and plans for stabilizing P.E.I.'s electricity rates—the highest in Canada—as the issues on which he would fight. Ghis's Liberals will take Lee up on all those points. But, off the platform at least, they are expected to continue pressing allegations that two cabinet ministers have been engaged in deals that smacked strongly of conflict of interest and that the government is oversteering from the voters the true depth of the province's financial plight. And both parties will be hoping that job seekers can divert their attention from harrow long enough to vote out their usual 80-per-cent fashion as Sept. 27, preserving their record of being the most consistent voters in Canada.

—KATHYNE EARLEY in Fredericton and KENNETH WELLS in Charlottetown.



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Spain



Deng clinches his supremacy

Five years ago China's Deng Xiaoping sat uncomfortably on the cusp of the 13th Congress of the Chinese Communist Party. He had been allowed to return to power as a party vice chairman, and the previous year's campaign against him was condemned as the work of the Gang of Four, the group of radicals who tried to seize control of China when Mao Tse-tung was dying. But Mao's designated heir, Huo Guofeng, still controlled the party. And experts to delegates still stressed strong support for Maoism. The party hierarchy was also critical of the more progressive approach with which Deng had long been associated. Last week, however, as the 13th party congress opened, China's political pendulum completed another of its epochal swings—and Deng sat comfortably among his peers, secure in the knowledge that his primary in the party is now generally acknowledged.

True to his reputation as a tactician, Deng has maneuvered carefully during the past five years. In the process, though, he has managed to gradually dilute the underpinnings of Maoism while preserving China from sliding into chaos. Now 75, Deng is expected to go into retirement as dean of a coterie of party elders after a new constitution is adopted by the congress. But he has achieved what he and most of the current leadership want: an almost complete break with the past restraints on the party.

By all accounts, however, the Warsaw accord was milder than the fighting in Gdansk, the birthplace of Solidarity. There, thousands of workers took refuge in shanty towns after battling with the club-wielding police. But some of the sharpest clashes occurred just outside Nawa Hita. Young workers broke into police lines, starting fights, throwing bottles and breaking car windows.

The regime obviously hopes that last week's bloodshed will have a sobering effect on hard-line opponents. It blames the deaths squarely on Solidarity for having defied a ban on protests. But it was equally obvious that last week's massive pro-Solidarity marches and the sporadic violence that followed throughout the week had made a mockery of government claims that it had tamed the country. While Jaruzelski may have succeeded in stamping a lid on his country, the pot is still boiling.

to China's new direction. Deng, a pragmatist, has managed to keep the nation on a stable course by co-opting with the moderates. But he convinced them a party run by a coalition of rightist and leftist elements has no long-term future. For Deng, the center—a key factor in smoothing the left—has achieved its objectives.

By offering to be the first to retire to his "second home," Deng has surprised his last remaining opponents to do so as well, offering the face-saving device of an advisory panel on which they will all hold seats. But, with his own prestige at a position—and perhaps holding onto his post as military commander-in-chief—there is little doubt that Deng will remain the most powerful man in China.

While the exact details of the latest shifts in party organization will probably not be known until after the congress closes on Sept. 16, the reforms are likely to force a kind of power from the Politburo to the Secretariat, a bastion of Deng supporters. The posts of party chairman and vice-chairman are expected to be abolished with a secretary-general, likely to be Hu Yaobang, emerging as the central figure.

Some Politburo members may find themselves stripped of power as the newly created advisory group (probably no one over 65) will stay in day-to-day positions of power. But it is unlikely that any will come in for major political criticism. As senior Chinese spokesman commented recently, "even though Guofeng, despite his mistakes, was still a good man with leadership capabilities. That, apparently, is the approach Deng wants life to see prevail, in order to avoid the kind of regressions and purges that have so frequently dis-

Deng's stable counts against it



rupted China's development. The congress is also expected to ensure future selectivity of leadership and to reaffirm the guidelines for reform and opening up, made at a key meeting of the central committee last year, of Mao's accomplishments and errors.

The path to the 13th congress was not smooth. In fact, Deng has been trying to convince it for two years that the difficulty of achieving a extension on Mao's rule can be the Cultural Revolution forced postponement. Earlier this year Deng

WORLD

Poland's continuing clash of wills

By Peter Lewis

When Polish police opened fire on demonstrators last week, the government insisted that the action was taken only as a last resort. Official spokesmen emphasized that repeated warnings—including a long burst of gunfire in the air—had failed to stop rioters from bombarding them with Molotov cocktails and bricks. So security forces in the small copper-mining town of Lubin had opened fire on 5,000 pro-Solidarity marchers, killing two and wounding 18 others. The survivors had a different story. They claimed that the police had chased demonstrators from Lubin's Five Witches, then opened fire from point-black range, killing five. When protesters, outraged by the shootings, again took to the streets on Wednesday and Thursday, chanting "Gospo!," at armed police, the government changed a virtual state of siege at the lower Silesian town. Automobile traffic and gasoline sales were banned, telephone service was cut off and an 8 p.m. curfew was imposed. 5 p.m. for those under 18 years of age. The ugly confrontations across the country, in which a total of four people died, marked demonstrations marking Solidarity's second anniversary into a season for national

mourning. It also promised to cause new difficulties for Poland's military chiefs.

The Lubin incident was the eighth of dozens of clashes to occur between anti-government protesters and police in Warsaw, Gdansk, Wroclaw, Nowy Hiza and other Polish cities. In addition to the fatalities—the first deaths from police gunfire since eight miners were slain near Katowice shortly after martial law was declared last Dec. 13—the authorities announced the 68 demonstrators had been hurt and more than 4,000 detained. They listed more than 140 police injured, including 12 in Lubin, and admitted that there had been disturbances in 34 of Poland's 49 provinces.

But that did not stop Gen. Wojciech Jaruzelski's regime from claiming victory. Government spokesman Jerzy Dru-ban, claiming that the riots were caused by union hotbeds and youth, said that workers had shunned the suspended curfew's call to demonstrate. His view was echoed by the hard-line military newspaper *Solbierz Wolnosci*, which said that the "hard-core forces of the Polish people—the heavy-industry workers—did not lend an ear to the demonstrators' calls." But more revealing than the downplaying of the widespread protests was the government's score late last week against demonstrators, al-

though not, for the moment, against Solidarity itself. The slaps of official spies are the leaders of a group named 604 whose members have been close to the Solidarity leadership for the past three years. At least eight, now members have been charged with conspiring to overthrow the state by force, which carries a maximum sentence of death. The decision to press the charges, Urban said, came from "a political judgment of the present situation." That judgment, presumably, is that these trials will win the hearts of Poles.

For their part, Solidarity's underground leaders remained undaunted and saw the protests as a vindication of their claim that they will speak for Poles. The head of Solidarity's farms branch, Jerzy Milewski, said from his Brussels headquarters that support for the union had proved "massive."

The roughest clashes in Warsaw last week were on the fringes of the old town and along the capital's main thoroughfare, where an estimated 10,000 shouting youths pelted the elite Zone riot police with rocks. Prowling armed vehicles, security forces bared loaded to demonstrators with a water cannon. Heavily armed riot police laid down barrages of tear gas and concussion grenades which fell indiscriminately among protesters, innocent passers-by

Pock-biting demonstrators in Gdansk defy pro-Solidarity crowd; have defied

and police workers bound for home.

Light barricades were swiftly brushed aside, while helicopters dropping overhead directed police into back streets where fleeing demonstrators had regrouped to form defiant cries of "Free Each Worker" and "Down with the police."

Polish television at first restricted coverage to running shots of demonstrators storming the police. It also emphasized pointedly on the posthumous of many marchers. But, after news of the Lenin shooting, a distorted version of "solidarity" police charges and hand-to-hand clashes was shown.

By all accounts, however, the Warsaw accord was milder than the fighting in Gdansk, the birthplace of Solidarity. There, thousands of workers took refuge in shanty towns after battling with the club-wielding police. But some of the sharpest clashes occurred just outside Nawa Hita. Young workers broke into police lines, starting fights, throwing bottles and breaking car windows.

The regime obviously hopes that last week's bloodshed will have a sobering effect on hard-line opponents. It blames the deaths squarely on Solidarity for having defied a ban on protests. But it was equally obvious that last week's massive pro-Solidarity marches and the sporadic violence that followed throughout the week had made a mockery of government claims that it had tamed the country. While Jaruzelski may have succeeded in stamping a lid on his country, the pot is still boiling.

disappeared from sight for several weeks amid rumors that he had suffered a digestive setback. In fact, he said as his return, he had been hanging heads together in the provinces. More recently, it was rumored that he wanted the congress to abolish the Politburo altogether. If that, indeed, was his goal, he clearly was forced to temperance.

Despite the pitfalls, Deng and his aides were able to count on substantial grassroots support. That was predictable. Changes in agricultural policy have allowed peasants in some parts of China to double their incomes in the

political campaign. In the natural reform, party apparatus have relinquished considerable power to the specialists in an effort to stimulate technological growth. Says Tang Daxing of the Shanghai Biochemistry Research Institute, where Chinese scientists several years ago made a historic breakthrough in synthesizing "HSA." To put it simply, now is the best time ever far abroad in China.

There are more cynical voices, but the pace of progress has kept them from gaining influence. Western observers have long believed that the only real



Chinese Communist Party Congress: Deng masterfully stage-managed his rise

past two years. Urban Chinese, meanwhile, are enjoying a consumer revolution with significant increases in disposable income. Chinese consumers now dream of the "three big prizes"—televisions, refrigerators and well-sprung beds—rather than yesterday's "little prizes"—bicycles, sewing machines and radios.

Indeed, many Chinese intellectuals say that the country is currently enjoying its most prosperous time in several years. Says Zhao Fuxian, a highly regarded senior member of the Chinese Academy of Social Sciences: "When I look at the changes, even though I'm impatient for more rapid change, I look on what has happened with amazement." For the first time, says Shao, many intellectuals are free to pursue their work and there is serious ground-holding about "what is the national role of the government" in regulating people's lives." Says Wang Meng, a popular contemporary novelist: "People in literary circles don't feel nervous anymore about publishing their work. Of course there are criticisms, but we now have a situation where there can be criticism without a

threat to Deng come from the old-guard leftists' ability to exploit a situation in which much badly-needed economic reforms do not bring about a rapid enough rise in the standard of living. A second concern was that the growing influence of Western ways might trigger a senseless backlash of the kind occasionally seen in Chinese history.

Neither fear has been realized. For one thing, the swelling down of the dreams of quick modernization, which were aroused at the last congress, appears to have been accepted without excessive demagoguery because people are better off and because the party has been diligent in its attack on corruption. For another, Deng again appears to have stage-managed the situation masterfully. China has just won a major compromise with the United States over Taiwan and has asserted its right to eventually incorporate Hong Kong into the People's Republic. Clearly, the leftists will not be able to argue very persuasively that China's modernization is being achieved at the expense of its national pride.

—DANIEL BERNSTEIN in Peking

THE UNITED STATES

The spy who eluded the heat

If Washington's spy cutthroats had read their own files, Klaus Emil Julius Fuchs, the German-born scientist who gave atomic bomb secrets to the Soviets, might have been caught five years earlier. The reason, Fuchs, sentenced to 14 years in jail by a British court in 1950, was named as a Soviet agent in Nazi documents captured by U.S. forces in 1945.

The documents, later published by the British Central Security Office of the 50s and distributed to 50 units due to move into the Soviet Union, behind Hitler's tanks—have been gathering dust on the shelves of the National Archives in Washington ever since. Now, 37 years later, researchers have found the clue that might have short-cut Fuchs's spying career in Britain, Canada and the United States. It might also have delayed production of the Soviet bomb. Conventional wisdom in Western intelligence circles is that Fuchs's information expedited the explosion of the first Soviet bomb in 1949 by 18 months.

In the documents Fuchs's name appears as No. 21 from a list of known Communist agents. He was to be tried as a traitor if found in the Soviet Union, where the Gestapo believed he was hiding. But the Gestapo was wrong. Fuchs realized before the Second World War that the Nazis knew he was a Communist. He secretly moved to Britain and, at the outbreak of war, he was interned in Canada as a German alien. In 1942, when the ex-war driving up its list, Fuchs was returned to Britain to work on atomic research. A few months later he was assigned to the British team working on the Manhattan Project to produce the bomb. Fuchs worked first with Canadian scientists in Montreal and then with Americans in New York and Los Alamos, N.M., where the first atomic bomb was assembled.

A model prisoner, Fuchs was released in June, 1946, having served only eight years. He flew immediately to East Germany, where, at 70, he is still working. Asked about the 18 last week, an FBI counterintelligence agent, who refused to be named for security reasons, said "Of course we should have been alerted. But for some reason it slipped through our net. Obviously we must have been asleep on the job, anything the Nazis said—to be condemned by them was almost a recommendation. But we would have launched an investigation had we seen the allegations." For Fuchs and the West, the outcome would have been a disaster if they had.

—WILLIAM LOWMYER in Washington

PEOPLE

After 19 poetry books and one novel (*The Charcoal Burners*) thick with mysticism, broken bones and blood, West Coast writer Susan Mungrove, 32, is turning her hand to a more cheerful topic—bitching. In its ads now appearing in Toronto magazines, as well as in Britain's *Panorama* and *New Statesman*, the author announces that she "will pay one dollar for all anecdotes, serious or humorous, suitable for publication in *The Joy of Scorn*." "Folks," Mungrove defines loosely as not just an inability to perform but a need to satisfy one's desires in ways unconventional. Although the writer's response has been slow, Mungrove says she has collected hundreds of stories in person for her book, which is meant to be a tongue-in-cheek takeoff on *The Joy of Sex*. "Everybody has stories to tell," she maintains, "especially after they've had a drink or two." No doubt she will amass enough material for volumes not only on impotence but also on recent and historical failures such as *Hitler* and the *Marquis de Sade* and a first volume called *Total Fashions*, which will deal with such topics as necrophilia. There will also be a chapter about impostors called *Myth of the Male Gynae*. "They seem to be the most common stories," Mungrove notes. The new mother of a baby girl (fathered by Paul Newman, a solar energy entrepreneur when she married in April after she divorced her lawyer husband in March), she has also nearly finished her second novel, *Blowdown*

Claret, "about justice and their wives, a sort of *Psyche*. More kind of novel." So far she has restrained the slaughter and carnage that covered *The Charcoal Burners* poems, and even a new book of poetry may not be as much classed. Says Mungrove: "The writer I admire more and more are the live going ones" (as opposed to her one-time idol, Sylvia Plath, who Mungrove calls *Angie Skatton*—all poets and all females). "Maybe it's a function of age."

For her education, Mungrove probably owes more to the C's than to any institute of formal learning. But the internationally acclaimed 56-year-old film director has always had a soft spot for his alma mater, the University of Toronto. And this fall he is planning to do something practical for the 300 alumni in its eleven programs: Jensen is making what his assistant, Elizabeth Paine-Wool, calls a "personal gift" to cover

What Could poet Mungrove lighter stories of 12, 14, 16, 18, 20, 22, 24, 26, 28, 30, 32, 34, 36, 38, 40, 42, 44, 46, 48, 50, 52, 54, 56, 58, 60, 62, 64, 66, 68, 70, 72, 74, 76, 78, 80, 82, 84, 86, 88, 90, 92, 94, 96, 98, 100



Director Jensen: importing master craftsmen

the school's costs of importing "world-class directors" (in Jensen's opinion) to lecture and show their films for one week each year over the next five years. Besides the impressive, though costly, list of masters (Frank Capra, 85, Robert Wise, 67, Michael Curtiz, 84, George Cukor, 83, John Huston and Billy Wilder, both 76) is none other than Jensen himself, who will screen several of his favorite movies this November and lecture on everything from acting to editing. What about Martin Scorsese, Brian De Palma, Francis Ford Coppola and Stephen Spielberg? Says Gene Mattia, chairman of the university's cinema studies program: "Those young directors' efforts will be around for the next 20 years."

At last, the mayor of North York who once paraded a \$1,000 loan into Canada's largest retail outlet, who will be around for some new money traps

in his city. Lastman, 48, has suggested using tax money to buy U.S. government treasury notes to pay off North York's \$20-million (U.S.) debt. But, instead of just having U.S. dollars when the debt is due, Lastman is contemplating a little currency speculation on the side, suggesting that if North York picks its spots, "we can make a few bucks out of it." After leaving the mayor making similar comments on CIBC Radio, investor and media personality Martin Steinman was abrupt. Perhaps Lastman should buy French francs and use them to make money at the Monte Carlo gaming tables. Steinman suggested in his weekly newspaper column: On a more serious note, Steinman says, "Surely it's not the job of the township of North York to be gambling on currencies. It's a damn fool thing to do." Despite the criticism, Lastman has restricted his staff to prepare a feasibility report. "There's no gamble," he asserts. "Steinman didn't know what I was talking about. People don't understand what I'm trying to do." Already down \$12 million, the burghers of North York hope to steady down.

—EDITED BY BARBARA BRITTON

THE GROWTH-EDGE



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Shultz joins Reagan and power brokers James Baker, William Clark and Felipe Meno, a basic rope toward the center



Shultz (above), West Bank settlement, the proposals reflect Shultz's own hand

COVER

Washington's global policy shift

By Michael Posner

The signs had been obvious for months—in discreet, off-the-record briefings and in careful allusions during diplomatic discussions. But last week, interrupting his California vacation in the hills, Ronald Reagan made it stunningly official. In a 30-minute prime-time TV address from downtown Burbank, the president stripped the veil off a new and explosive package of peace proposals for the Middle East. In one decisive stroke he elevated the U.S. role from cool Camp David mediator to keen participant, challenging Arabs and Israelis alike to make "a fresh start" toward resolving their age-old conflict, guided by "a new realism." As pro-chiefsman Yasser Arafat led the last of 8,000 guerrillas in an emotional departure from West Bank and special envoy Philip Habib took home to receive the rarely given Medal of Honor, Reagan's surprise speech struck like a thunderbolt, which was part of his design to launch a new thrust for peace beyond the stalemate Camp David process. Said the president: "With the agreement in Lebanon, we had the opportunity for a more far-reaching peace effort for the region. I was determined to seize that moment."

Reagan's dramatic denunciation of U.S. preferences—favoring Palestinian "legitimate rights" and ruling out both Palestinian and Israeli sovereignty on the West Bank and Gaza—was only the latest in a series of deliberate but significant shifts in U.S. foreign policy. From Taiwan to Central America, from arms control to interest rates, the U.S. administration seems to have embarked on what political scientists like to call the mid-course correction. The hard-line, ultra-catchy rhetoric that so delighted Ronald Reagan's conservative audiences in the 1980 election campaign is now replaced by more sober assessments of the globe's strategic balance sheet. The self-styled voice of U.S. diplomacy, the amoral Alexander Haig, has given way to his antithesis, the imperious George Shultz, whose pragmatic fingerprints are all over the new policy directives. For the disoriented right, the changes raise troubling questions about the depth of Reagan's conservative convictions. For pleasantly surprised moderates, they are evidence of a president moving to terms with the constraints of governing. Measured by any ideology, the basic move toward a more constructively constitutional foreign policy seems undeniable.

The changes have been swift and dramatic. After declaring in June that firm defiance of Reagan's ban on the sale of U.S. equipment for the Soviet natural gas pipeline would force stiff penalties, the administration last month issued only a stern warning embargo on exports to two French firms found in violation. And when Britain's John Brown Engineering Co. prepared to ship its giant submersibles from Glasgow, the treasury department promptly released a clarification, refusing the export blacklist to oil and gas equipment only. Clearly, Washington had concluded that the unity of the Atlantic alliance is far more important than any short-term self-interest reflected on Moscow for the imposition of martial law in Poland. That was only the beginning. Last month, after more than a year of profound hostility toward the Marxist-dominated Sandinista regime in Nicaragua—and vocal condemnation of its support for rebels in El Salvador—Thomas Enders, the undersecretary of state for inter-American affairs, pointedly refused the U.S. approach and held out a palpable olive branch to Managua. The lesson learned in that case, apparently, was that in diplomacy the carrot must be wielded as deftly as the stick.

At the same time, despite repeated assurances by Washington that the United States would never abrogate Taiwan, a joint Washington-Peking communique recently pledged the Reagan administration to gradually phase out some sales to the Taiwanese in return for China's agreement to seek an ultimate resolution by peaceful means. In that case, Washington appeared to signal a policy change that gives priority to U.S. strategic interests over faulty or narrow ideological commitments.

If any doubts remained about Washington's determination to alter its foreign policy course, they were erased last week. Having previously refused to support any increase in the International Monetary Fund's desperately depleted currency pool, the Reagan administration abruptly reversed its stand and agreed to back a new infusion of cash. Some observers quickly dismissed the move as a tactical concession to ward off demands for a much larger infusion at this week's (15th meeting in Toronto) following stage. But that view ignored a significant change of principle in favor of a greater sense of pragmatism in dealing with the Third World.

Virtually all of the policy adjustments bear the unmistakable signature or endorsement of the new secretary of state, George Pratt Shultz. The former president of the DuPont Group Inc.—the vast, privately held multinational conglomerate firm (page 38), Shultz, 61, works power steadily but selflessly, seeking advice when he needs it, avoiding extremes and always providing the rational solution. A Princeton graduate, Shultz played football, joined the Marines, took a PhD at the Massachusetts Institute of Technology and taught economics there. At 35 he was a full professor at the University of Chicago's stellar Graduate School of Business. At 40 he was dean. Then he became involved in labor relations in the Midwest, earning a reputation as a lawyer, hardworking negotiator, litigator, and the scion of Richard Nixon's handlers and he became secretary of labor, budget director and, finally, treasury secretary. Even then he was the quintessential team player, dogmatically asking Nixon's wage and price controls program while privately doubting their efficacy.

That loyalty, and Shultz's raw intelligence, as doubt succeeded him to the Reagan inner circle. At any rate, Shultz's economic instincts are distinctly Reaganian. He favors free trade and competition and opposes things that get in the way, including regulation and government intervention. In fact, his only serious economic argument with the president has been over the use of trade sanctions as instru-



The boys from Bechtel



Defense Secretary Weinberger. Bechtel launched huge utility deals in Saudi Arabia

In the final few months before George Shultz's confirmation as the nation's 68th secretary of state, U.S. senators exposed one revelation about him: he had spent eight years as president of the Bechtel Group. And, in taking over the most important post in the Reagan cabinet, Shultz joined several old friends who also have close links with Bechtel. As Senator Howard M. Weitzman (D-Calif.) said, "It is questionable, as a matter of sound policy, whether we should allow any one company to have three of its former ranking officials in policy-making positions in our government." Declared Larry Prosser (R-ID): "There is a belief, real or wrong, that our foreign policy is widely influenced by large companies. The boys from Bechtel have too much power."

But not even Prosser would suggest that Bechtel dictates policy to its former employees. The process—if one exists—is more subtle than that. Men such as Shultz would not have been hired by Bechtel in the first place if they did not share the group's outlook on the world. As Shultz himself said in his angry letter to the senators: "I resent what I regard as a kind of smear of Bechtel. I think it is a marvelous, honorable, law-abiding company."

Currently, aside from Shultz, there are several Bechtel alumni close to the White House—as well as one who still works for the company. The notable: Cooper Weinberger. Ronald Reagan's secretary of defense is a classic example of the Bechtel-Washington link. A California

lawyer and state politician, he was brought to government by Richard Nixon in 1969. He served first as head of the Federal Trade Commission, then as director of the Office of Management and Budget and, finally, in the Nixon administration's declining months, as secretary of health, education and welfare.

In 1973 Weinberger decided to move back to California—doctors said the climate would help his wife's arthritis—and he was quickly snapped up by Bechtel, which created the post of "special counsel" for him. At that time Weinberger had little foreign experience. But Bechtel made him a vice-president and director and sent him after to Saudi Arabia to oversee some of its huge undertakings there. As a result, he developed close ties with Bechtel's highly placed Saudi contacts and became a supporter of their pro-Arab policies.

On his appointment to the Pentagon, Weinberger disclosed a net worth of roughly \$1 million and an annual salary of about \$500,000.

W. Kamelth Davis. If anyone is more

Davis (left): Middle East "an honorable, law-abiding company"



bullish on the prospects for nuclear power than Bechtel—it has made billions of dollars designing and building nuclear plants—it is Davis, the man who effectively runs the department of energy from his post as deputy secretary. The magnitude of his job is not surprising. Davis was Bechtel's vice-president for nuclear development until his appointment by Reagan.

Although he is officially second-in-command to Energy Secretary James Edwards, a nuclear dentist from South Carolina, a source says that Davis really controls policy. A chemical engineer by training, Davis first went to Washington in 1954 as assistant director of reactor development for the Atomic Energy Commission (AEC). By 1958 he had pushed so hard for nuclear power development—forming a program under which AEC subsidized plant construction—that a commercial industry was burgeoning. Bechtel decided to get into the business and hired Davis to head the western

division. Under his guidance Bechtel has become the architect and construction contractor for about a quarter of all existing and planned reactors in the United States. When Davis took up his present post he declined assets of \$4.5 million.

Philip C. Habib. A career diplomat who rose to be the state department's third-ranking officer, Habib retired in 1979 because of poor health. But last year, when the Middle East again became an international trouble spot, Reagan sought Habib's advice.

Habib's close contacts with Bechtel, however, were only revealed earlier this summer. Apparently the company hired him as a consultant at about the time that Reagan began to lean to the Bechtel refusal to reveal Habib's salary—or his exact duties. But it is known that he was hired by his old friend Shultz, at that time still the group's president. Apart from advising on the Middle East, Habib is believed to offer guidance on the group's dealings with countries in the Pacific Basin, where they run major contracts.

At least two other Bechtel men have had close links with the White House. They are John McGee and Richard Helms, both former directors of the CIA, and both sons on Bechtel's payroll as consultants. "If Bechtel wants to know what the CIA is doing, or what it thinks, or what it knows about tricky areas of the world, you can be sure that it can find out," said a senior CIA official. Given the status and experience of the boys from Bechtel, that assertion seems sound.

—WILLIAM LUTHERY
in Washington

COVER

ments of diplomacy. "As a general proposition, I think it's a bad idea," Shultz said at his 30-mile, week-long hearing in July. "It damages our own trade and becomes a wasting asset." He is also thought to have argued persuasively for invoking the embargo position for violators of the president's ban on private sales to Moscow.

These views contradicted Shultz's years with Bechtel (1954-62) but they were reinforced by them. It was Shultz, associates say, who spearheaded the San Francisco-based corporation's aggressive—and successful—drives for international clients. Spending one week in two on the road, he used his persuasive manner to win huge engineering

contracts, extending Bechtel's influence to 118,000 employees. Last year the firm reported \$1.4 billion in billings in Saudi Arabia alone. Bechtel is now entering a \$20-billion contract city at Jeddah that will one day house as many as 300,000 Saudis. It is also constructing an oilfield \$34-billion project at the Red Sea. The White House official: "Bechtel is practically building Saudi Arabia."

The Saudi connection paid part of a serious tremor of apprehension about Shultz's nomination for secretary of state. A few days after receipt of nomination in the Arab world—and none in Israel—might tend to favor Arab points of view. Shultz himself unwittingly underscored those fears when he remarked in 1980 that, "If I have any differences with Reagan, it's about Middle Eastern policy." At that time Reagan had just declared that Israel and Jordan were the only Palestinian states recognized and authorized by the United Nations. Since Shultz's appointment, however, the United States has been insisting that Jordan is not a Palestinian state after all, but a sovereign kingdom with its own unique and enduring character.

The new Middle East peace formula also reflects Shultz's careful hand. Its centerpiece remains UN resolution 242, which calls for Israeli withdrawal from territories taken in the 1967 war in exchange for recognition by, and peace with, its Arab neighbors. The withdrawal must be on all fronts—the West Bank, Gaza and, presumably, the Golan Heights—but it need not be total. In his TV address, Reagan deliberately inserted a paragraph saying that the pre-1967 border of Israel was barely 36-km wide at its



Saudi gas pipeline. MAPO unity is more important

narrowest point and within artillery range of hostile Arab forces. "I am not about to ask Israel to do that way again," said the president.

Reagan stressed that the peace border should be negotiated by Israel and Jordan. "The extent to which Israel should be asked to give up territory," he added, "will be heavily affected by the extent of true peace and normalization and the security arrangements offered in return."

Similarly, Washington has concluded that when the five-year autonomy period agreed upon at Camp David expires in 1991, the West Bank and Gaza should become neither provinces of Israel nor an independent Palestinian state but a government linked in some way to Jordan. Behind the scenes, Shultz, too, is stressing the need for negotiation. The word was mentioned a dozen times in Reagan's text last week.

Shultz, Prince Faisal (right) in talks with the Arabs



The United States also wants Israel to halt its policy of continually increasing the number of its settlements on the West Bank. It wants Arab living in East Jerusalem to live in free zones in villages for Palestinian self-government during the autonomy phase. And, for the first time, Washington has spelled out exactly what it means by autonomy: splitting the differences between Kyprianou and Israeli views. Reagan sent the Palestinians taking charge of all of their affairs, subject to appropriate security safeguards for Israel.

In short, the Reagan proposal deftly balances conflicting Israeli and Egyptian views while asking major concessions from all parties. But the plan's future is still in doubt. The Reagan government's initial reaction was

blatantly negative. Meeting in emergency session, the cabinet flatly rejected the proposal. Jerusalem objected to a lack of prior consultation—apparently Washington feared that the plan might be leaked in advance. Begin's government also complained that the plan was a departure from the Camp David framework as it used the basis for dialogue, and the prime minister expressed alarm at what he described as the inevitability of Palestinian statehood if the idea of an association with Jordan is over implemented. However, Labor Department Under Secretary Francis Wortman said the plan was far from done, and his party executive endorsed his view by a 15-to-9 vote with one abstention. At the same time, a poll indicated that 52.2 per cent of Israelis now favor some form of territorial compromise, compared to 41.2 per cent in May.

The Arab states have scheduled a summit meeting this week in Fez, Morocco, and were encouraged by Washington's new attitude. Only Syria dismissed the plan outright. And the administration was also to draw satisfaction from the fact that the key Arab nations—Egypt, Saudi Arabia and Jordan—as well as the PLO were either giving it serious consideration or expressing qualified support.

Indeed, Washington seemed to be hoping that the initial responses would actually help to bring both sides to the peace table. Israel's flat rejection might entice the Arabs into a more positive stance, which in turn would pressure Begin to make accommodations. As Israel's former foreign minister, Abba Eban, put it: "The key words are 'not accept or reject,' but 'discuss,' 'clarify' and 'negotiate.'"

The real question now is what

steps can be taken next to keep the pipeline alive. According to Zeliglow's firm, the Washington's main ally in "the battle" is Palestinian rights and not weaken in the face of Arab embassies or Israeli intrusions. Former president Jimmy Carter's national security adviser said that only the personal involvement of the president, the secretary of state—or of a special envoy—would be empowered to speak for them—will keep the plan alive. One man mentioned frequently as a possible intermediary is former state secretary Henry Kissinger, a close friend of George Shultz's and a regular attendee to state department staff sessions.

For the moment, Washington says it will simply continue to talk to all parties, awaiting their "measured consideration" of the plan. One critical issue is whether the Arab world, which stripped King Hussein of the right to speak for Palestinians in 1974, will now allow Jordan to become the spokesman. The question is whether or not Arabia's role, damaged to eight nations and crushed militarily, will seize the opportunity to recognize Israel—a precondition to joining future talks, and a third is whether or not the United States in Israel can overcome its desire for sovereignty and absolute security on the West Bank. In the Middle East a pro-Israel state department official remarked last week that, "unless you take serious measures, you are backwater."

On other fronts, the U.S. foreign policy seems to have regained momentum. The Soviet pipeline issue, which has just in January not only November's vital Geneva trade talks but the viability of the Atlantic alliance itself, has been completely brought under foreign policy's control. Trade Representative William Brock flew to London last week to make it clear that Washington was prepared to drop its objections in return for a European pledge to draft new rules on selling business to the Soviets. It was the U.S. and a face-saving compromise appeared probable. European pressure also induced Russia to embrace arms control talks with the Soviets and to encourage a lowering of U.S. interest rates. The U.S.-Soviet arms reduction talks in Geneva are so far inconclusive, and the interest rate decline may be partly due to the Republicans' need to make a strong showing in the November midterm elections. But at least the Americans are paying attention.

His move, the anti-Soviet impulse of West German Chancellor Helmut Schmidt, has changed perceptibly, under George Shultz's undeniable influence, in tone and tenor. The interventionist warfare that characterized the first 18 months is over, or at any rate much less



Marines in Lebanon. *Arabs balance*

public. For once, the White House, state department and Pentagon are not issuing conflicting statements on the same day.

The times are also propitious for a new U.S. advance. The Soviet Union is in the middle of what may be a protracted leadership succession struggle. The Soviet economy is flourishing; its overseas force is raised in Afghanistan and Poland's social and economic difficulties are a constant strain at Moscow's resources. At the same time, the Kremlin's most advanced military hardware, used by the Syrians, has been rendered obsolete by the Western-equipped Israelis during the onslaught on Lebanon. If there is one to be an opportunist scenario for the United States to regain its global influence, it is now.

That fact seems to have struck home in Washington. Before he left for California last month, Ronald Reagan invited a few congressmen to the White House. Scarcely the discussion turned to the chips, and the president showed his own—a polo pin, depicting the rear end of a horse. Nixey did not. The ex-Bangor acknowledged, so he did not want it often. Still, he was partial to it because "it reminds me of what I'm supposed to be." The new U.S. foreign policy seems equally cognizant of that issue.

With John May in Ottawa, William Ziegler in Washington, Eric Seltzer in Amsterdam and Robin Wright in Beirut

America's master builder at work

Bechtel builds, and it builds big. From a modest start in 1898, when Warren A. Bechtel left his Kansas ranch and moved out with his wife to build a stretch of Oklahoma railway, the San Francisco-based Bechtel Corp. has extended its reach around the planet. By damming rivers, blasting out mines, building nuclear plants, paper mills, pipelines and oil refineries, it has grown into a multi-billion-dollar empire with 118,000 employees.

Despite its awesome prowess at making money, America's master builder is shy. The last time the family firm disclosed profits was in 1976, when it earned \$86.5 million on revenues of \$4.2 billion.

Bechtel's formal silence on good old America knows how. Only three active in the business are invited into the ownership group, and if a man dies or retires, his stock is sold back to the privately owned company. An ex-employee Stephen Bechtel Jr. once re-

A former officer says Bechtel worked within the rules of the game, but the game was not in Canada's interests

marked, "No widows or orphans."

Bechtel bosses are among the world's best at sifting the revolving door between assets and government positions and its own business empire and just as adept at cultivating a list Bechtel Jr. calls "sweetheart accounts." His top executives past influential boards of directors and speculate in winning certain political contests—donors, lobbyists—who like to see their business by firms who "understand their particular requirements." Bechtel contracts are like treaties, as Canada and other allies have discovered.

But Bechtel's hegemony has also caused embarrassment. In 1970, for example, Bechtel's role in the Alaska pipeline was curtailed after the planners decided that the performance was unsatisfactory. A surprise labor contracting impasse in the late 1960s led to Bechtel's conviction for giving a \$100,000 bribe to two municipal officials in New Jersey.

Bechtel is accustomed to turmoil, particularly in world bank projects. The first built the Trans-Arabian pipeline in 1948. In 1974 Bechtel bowed out of



George's \$400-million oil pipeline from the Red Sea to the Mediterranean after Cairo refused its sudden demand for a hefty price increase. The firm had signed the contract a few days before the start of the 1973 October War, an action that marked the first large-scale U.S. involvement in Egypt since Secretary of State John Foster Dulles decided against helping the Egyptians build the Aswan Dam. In 1978 the firm was charged with refusing to deal with U.S. subcontractors who were on the Arab blacklist of firms doing business with Israel. Bechtel denied the charge, but the next year it agreed with the U.S. government not to sign contracts with a boycott club.

In Canada, Bechtel builds from coast to coast, increasing its slice of the pie each year. Bruce Wilson, the first president of Bechtel Canada Ltd., a wholly owned subsidiary, quit in 1969 because of, as he put it, a "conflict between my duties as an officer of Bechtel and my feelings as a Canadian nationalist."

Wilson once told *Maclean's*, "Bechtel worked within the rules of the game, but the game was not in Canada's long-term best interest." The multinational's role in Canada dates back to the Canal project linking Norman Wells, N.W.T., to U.S. bases in Alaska during the Second World War. Bechtel has built 80 per cent of Canada's pipelines, the \$1-billion Churchill Falls hydro project and the Synaradai tar sands plant.

Among Bechtel's smoothest moves in government dealings was its acquisition of a confidential Ontario environmental

Bechtel at Juma Bay: coal escalation

review of the Bechtel-built Montreal-Sarnia pipeline—a report that was subsequently tossed down. In 1978 the Canadian Export Development Corp. leased \$650 million to Algeria to help finance a natural gas processing plant—and Bechtel got the job.

But one of the most controversial undertakings in Canadian history was Bechtel's involvement at the Juma Bay

Bourassa, political drag



hydroelectric project, an enterprise marked by corruption, riots, strikes, delays, patronage and cost escalation. The then troubled project was viewed as a political drag for former Quebec Liberal premier Robert Bourassa, as the failed 1976 provincial election that defeated his government approached. The battle of Juma Bay began with a secret contract signed by three Quebec Crown corporations and Bechtel, ensuring the company control of the project. No other bids were considered, even bids from Quebec nonpatriots.

Despite the province's prior claims to the contrary, Bechtel had a sliding fee schedule arrangement under which it stood to increase its take of costs increased. Bechtel asserts that it was brought in as a result of "experience, expertise and reputation for handling large projects." But the company was one of the subcontractors cited by the Clibbe Commission for going along with the "irrational demands" of union racketeers.

The essential truth about Bechtel is that it does business—and does it well. The company has designed or built half of the United States' largest power plants and traded technological information with the Soviets, mostly behind closed doors. The spirit of the enterprise—as its former president, now Secretary of State George Shultz, once observed—is that "people who want to trade something should be able to develop their market and go ahead. They should not have to ask anyone's permission."

—LINDA HIGGINS in Toronto

"Gulf Canada's inventive designs for Arctic drilling can speed up oil self-sufficiency for Canada."

Dan Motyka

Vice-President, Frontier, Gulf Canada Resources Inc.

For over a quarter century Gulf has been a leader in exploration for oil in the Canadian Arctic. It takes 5 months to drill a well in the Beaufort Sea - but drill ships can work only about 3 months each year before they must move to avoid the drifting polar ice. Gulf's team of scientists and engineers have devised a remarkable new drilling system that will dramatically lengthen the drilling season. Cost: \$674 million, Gulf Canada's largest-ever capital investment. Result: more efficient use of equipment and skilled personnel.

This breakthrough, along with other Gulf initiatives, is helping bring Canada closer to oil self-sufficiency.

"I think the Beaufort Sea will be one of the world's very important oil and gas producing areas," says one Gulf geologist.

On the advice of its earth scientists, Gulf began exploring in this area of the Arctic over twenty years ago.

Gulf has participated in the drilling of eleven wells beneath the waters of the Beaufort Sea. With several important oil and gas discoveries, we have begun to confirm what we believe to be the

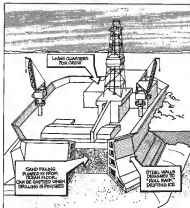
great potential of the region.

But there are many challenges. Howling gales, drifting ice of almost irresistible force, fog and blizzards make Beaufort Sea exploration among the most difficult in the world. Until now, the answer has been to dredge up an artificial island or mount drilling equipment on a ship which, when danger threatens, can pull up its thousands of feet of drill pipe and run to safety.

Because of ice and weather, it is

possible for a drillship to work in the Beaufort Sea for only about three months out of the year. The problem is, it takes about five months to drill and test a well. So, with drill ships it takes two summers to complete one well - a slow process.

Now Gulf engineers have developed and are building a portable island designed to operate in the harshest environment for as long as is necessary to drill a well. It will be floated from one drilling



Gulf's pioneering portable island will be towed into place and filled with sand like a rock in the sea. It will fend off the crushing force of drifting polar ice, allowing longer drilling in a hostile environment. Roughnecks, engineers, geologists will be flown in for 3-week shifts, flown out for rest and recreation. This speed-up of drilling in the oil-rich Arctic can help bring the day nearer when Canada achieves oil self-sufficiency.

site to another, and, once in place will stand solidly against the forces of the environment.

The portable island is part of an Arctic drilling system developed by Gulf scientists, engineers and technicians. The system also includes a floating drill platform designed to work in water too deep for a portable island, plus two powerful ice breakers (18,600 h.p.), two supply vessels, an administration base at Tuktoyaktuk and a floating marine base at McKinley Bay. Total cost for the complete system - \$674 million, the largest single capital investment in Gulf Canada's history.

This inventive answer to a uniquely Canadian problem illustrates how Gulf experts work



Twenty years ago, who would have guessed oil and gas would be found in the Arctic Seas? Gulf Canada followed its geologists' educated hunches and participated in the drilling of several exploratory wells. Already, these successful wells promise additional supplies of oil which will bring Canada closer to oil self-sufficiency.

together as an effective team in exploring for and developing new oil finds in Canada.

"Oil self-sufficiency is within Canada's grasp."

Over the past two decades, Gulf Canada together with other members of the industry have spent billions of dollars on exploration programs that have just begun to indicate significant discoveries, not only in the Beaufort Sea but in the Arctic Islands and off the coast of Newfoundland. Gulf Canada's massive, high risk investments can result in flows of oil and natural gas that will help bring Canada nearer to oil self-sufficiency.



Dan Motyka, Vice President, Frontier, Gulf Canada Resources Inc., was born in Pitts River, Manitoba, and graduated from the University of Manitoba with a B.Sc. degree in mechanical engineering. For recreation, Dan enjoys fishing and cross-country skiing.

For more technical information, diagrams and data on Gulf's new Arctic drilling system, write Mr. R. H. Fennel, Director - Public Affairs, Gulf Canada Limited, 130 Adelaide Street W., Toronto, Ontario M5H 3R6.



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The world's bankers look to a perilous future

By Susan Riley

Britain's legendary economist John Maynard Keynes warned the world in 1944 that it might be to regret the day it allowed the newly created International Monetary Fund and World Bank to set up headquarters in Washington, D.C. Both international institutions, he said, would become captives of the nearby state department—infected by the ideological biases that periodically blow through the U.S. capital. Sobering have his words seemed more prophetic. This week, as 146 finance ministers from around the world gather in Toronto for the annual meetings of the World Bank and the IMF, they are working largely from unofficial agendas written by the White House—and, to all outward appearances, written in the run.

Late last week, as maneuvered ministers and their sleek aides arrived at the gleaming Sheraton Centre, they were met by an unexpected announcement from Washington: reversing the Reagan administration's earlier stand, the United States now favors a "modest" increase in the funding of the IMF. At the same time, the Americans said they

would lobby for an emergency fund at the IMF to help Third World countries, such as Mexico, that are facing the serious prospect of bankruptcy as their loans from Western banks come due within the next year or so.

Critics were quick to point out that the emergency fund is partly an attempt to ward off demands that work for a more generous increase in the IMF's overall lending ability. Others noted that the U.S. proposal falls far short of the demands of a majority of IMF members. But the initiative still marks a dramatic change on the part of an administration that, until last week, was opposed to any increase.

The proposal was touted as a victory for Treasury Secretary Donald Regan, who sees the Third World nations as a vast potential market for U.S. goods. Aligned against him are the Ronald Reagan ideologues, who prefer bilateral (country-to-country) aid rather than the multilateral approach of the IMF and the World Bank. They argue that in dealing with a country on a one-to-one basis, the United States can impose its own strict conditions, ensuring that its largesse is rewarded with economic and

military support. The most famous recent example of Washington's bilateral approach is the Caribbean Basin Initiative, a plan to pump \$350 million in economic and military aid to friendly Caribbean countries. In the words of Ronald Reagan's longest-serving press secretary, such programs "tailor particular development strategies to specific needs and potentials of individual countries and regions."

The latest target of that tilt is the World Bank's International Development Association (IDA) account, which provides cheap loans to the world's poorest countries with relatively few strings attached. Once again, whether they like the script or not, the 2006 delegates meeting in Toronto are playing parts in a play written in Washington.

The drama began in 1981 when the new Reagan administration slashed \$500 million from its contribution to IDA, claiming that any credit is inefficient and does not give any individual dollar leverage over the recipients. For the poorest of the poor countries—according to the World Bank's latest report, they became poorer still in 1982—the end of aid would leave them with

virtually no access to credit. For Washington's rich allies—and Canada, in particular—the U.S. move could start a hemorrhage of Western funds from IDA and the World Bank. As a result, Canada, France and a number of other countries will spend a good deal of time this week, with support from World Bank officials, trying to save the IDA. Says Crawford Pratt, a professor of political science at the University of Toronto with an international reputation in development issues, "The tragedy is that, instead of addressing the serious need for reform, delegates will be wasting a lot of energy trying to counteract the effect of recent American foreign policy."

It was a different world in 1945, when Keynes and U.S. negotiator Harry Dexter White met in the pastoral retreat at Bretton Woods, N.H., to discuss ways of rebuilding Europe after the war and avoiding the international financial crises that inspired during the 1930s. After prolonged talks, the United States and Britain came up with two ideas: an international monetary fund, which would provide short-term loans to countries facing immediate balance-of-pay-



Ministers of the Group of 24 (left), World Bank's Tove Claessen and IMF's Jacques de Larosiere (right); no one expected reforms

money problems, and a world bank, which would offer loans for larger-scale reconstruction projects. All the rich countries of the non-Communist world would contribute, each according to its wealth, and receive an equivalent amount of voting power.

Since then, the world has changed drastically, but the bank and fund have been slow to respond. For one thing, Britain still holds the second-largest number of votes in the IMF (seven per cent), although its economic performance has long been criticized by

those of Japan, West Germany and France. And, while reform is on the agenda in Toronto, so are experts' sudden agreement.

Since the creation of the greatest shock to both the bank and the IMF over the past three decades has been the emergence of the Third World—the term was unknown in 1945. In the beginning were 30 countries joined the elite new financial club, now both institutions have more than 140 members. Because votes are allotted according to economic strength, neither club was particularly

the richest countries, and particularly the United States, continue to dominate both.

This situation led to intense conflict in the 1970s, as the new superpowers of the Third World countries, particularly those with socialist ambitions, such as Jamaica and Tanzania, ran into the pro-Western, pro-free market ideology of the IMF.

Now the battle is set to heat again. Party under pressure from the Reagan administration, the IMF in recent years has sought to attract more foreign

investors so that, by the end of 1985, some 80 per cent of IMF credit came with strings attached—"high conditionality," in the jargon of the fund—compared to 58 per cent in 1975.

In return for an IMF loan, the critics note, embelished countries are encouraged to devalue their currencies (which leads to increased domestic costs), and to cut development and public spending (which leaves the poor with fewer health and education programs), and open their doors to foreign investment.

Some experts argue that these measures can help an ailing Western economy. But applying them to the more fragile economies of the Third World, where the IMF does the bulk of its lending, is, in the words of Michael McFitt, "like throwing an anchor to a drowning man."

McFitt, an economist with the Institution of Management Sciences, says, "I argue that many of the problems in

Farm program in Thailand (right): potato-phenol plant in drought-baked rice



Falling into the safety net

In the 27 years of its existence, the IMF has come to the aid of more than 300 countries. It claims to have launched much emphasis on Indonesia on the road to prosperity. But struggling nations' problems have often too dominated its response to a single treatment. And the effect of the IMF's intervention—above all, its stringent austerity requirements for borrowers—has had unpredictable and drastic effects. Maclean's correspondents have often too dominated its response to a single treatment. And the effect of the IMF's intervention—above all, its stringent austerity requirements for borrowers—has had unpredictable and drastic effects. Maclean's correspondents have often too dominated its response to a single treatment. And the effect of the IMF's intervention—above all, its stringent austerity requirements for borrowers—has had unpredictable and drastic effects.

When the IMF's beleaguered bankers arrived at London's Heathrow airport in December, 1978, to negotiate Britain's balance-of-payments accounts, they unwittingly set in motion political shock waves that have yet to spend their energy. And the effects of their work will be remembered long after the reason for it has been forgotten. The fund's inspection was the sequel to a request for a \$3.9-billion loan from Prime Minister James Callaghan's Labour government. But the condition imposed for the loan—drastic cuts in public spending—caused a trauma within the Labour Party. Bud Jack Straw, a backbench MP who shared the humiliation of his leaders: "It was a defeat for socialist ideas."

The resulting attempt by Labour's outgoing left wing to take control of the party has only recently been stemmed, while the results of that internecine struggle—the decision of 22 right-wing Labour MPs to form the Social Democratic Party—are still to be seen.

The irony of the IMF's intervention was that the chief character of the surgeon, Denis Healey, a tough Irish realist of bulking persuasive powers, had already been pursuing deflationary policies for a year. In November, 1975, he was elected as prime minister of a £22 billion to cover a situation in which,

he claimed, Britain was spending \$3.48 ahead for every \$2.05 received. The reason was a fivefold increase in the price of oil and a consequent rise in import prices. As Healey bluntly spelled it out, the government either had to spend less or tax more.

By September of the following year, despite Healey's attempt at good housekeeping, the run on the pound had become alarming. At one point it fell below the level of the dollar, which seemed to be a real danger of an outright collapse of the currency. Later in the autumn Healey abruptly cancelled a planned trip to international financial conferences in Hong Kong and Manila and applied for the second loan. The alternative, he told cabinet colleagues, would be "severe cuts in government services so savage they would lead to riots in the streets, an immediate fall in living standards and unemployment, and then civil war." (The jobless rate was then about 12.5 million.)

In spite of Healey's skilful attempts to defuse the left's ideological horror of the left, the only way out of the party was with heart of a socialist. But eventually the terms were swallowed.

However, in December the left's fears of tougher demands were realized. There were further spending cuts of \$4.2 billion over two years and higher inflation targets. The IMF's design and, housing, food and education all felt the blast. Major capital projects were postponed. "We were hijacked by the IMF," said Jack Straw bitterly. "We could have been better—after all, we had the oil coming in the next few years. We would not have been in the worst £22 billion to cover a situation in which,

hour inflation. And the belief that the IMF's tough recommendations could have been avoided damaged, perhaps irreparably, the party's confidence in its leadership. The resulting cry for more "accountability" to grassroots feelings eventually gave Tony Blair the opportunity to push through party rules that have effectively excluded all but Labour's most respected figures from party ranks.

Callaghan's minority government was kept alive by a pact with the Labour in Parliament—an alliance that has been effectively excluded of all but Labour's most respected figures from party ranks. Callaghan's minority government was kept alive by a pact with the Labour in Parliament—an alliance that has been effectively excluded of all but Labour's most respected figures from party ranks. Callaghan's minority government was kept alive by a pact with the Labour in Parliament—an alliance that has been effectively excluded of all but Labour's most respected figures from party ranks.



Healey: run on the pound

in 1979 Margaret Thatcher came to power with a hard-headed monetarist platform and IMF-style budgets because the rule rather than an exception. But the money is that, more than three years into her term, the vision of Healey and his friends in the cabinet into submission. In 1975 his Britain was reality: more than three million Britons are indeed now unemployed.

—CLARE KENNEDY in London

cost. The country owes \$2.9 billion, on which it owes interest of \$575 million. Inflation is running at about 80, unemployment at 10 per cent. Reserves have almost dried up.

Facing disaster and shunned by the private banks, there was only one place to turn. In the white stucco and glass building of the "world's economic policeman," the IMF. The result has been a cliffhanging series of negotiations that vividly illustrate why the fund has a negative image in the Third World.

Costa Rica is only one of a number of Third World countries in a position unable to meet its debts. But its experience is exceptional both because of the gravity of its plight and because of the country's strategic position in the centre of troubled Central America. As long ago as 1948 Costa Ricans decided to abolish their army and, in view of the chaos in El Salvador and Guatemala, they have had no reason to regret the decision. It has allowed them to concentrate on promoting health, education and social security.

These achievements are now threatened as the IMF's curbs—harsh cuts in public spending in exchange for a loan of about \$300 million by the secretary of the same effect as the unaffordable, severe erosion of Costa Rica's welfare state. "We are between the devil and the deep blue sea," said one government economist bitterly.

The IMF, too, has its problems. One of the reasons for its success is a shortlist of the conditions it imposes in return for loans is the country to stretch its limited funds. To that end, last week's announcement that the United States plans to reverse its current restraint policy and support a medium increase in the IMF's working capital will be welcomed in San José. But the U.S.

proposal—for a 10-to-20 per cent rise in the IMF's base funds—still falls far short of the doubling of funds that many other members would like to see. As a result, it will not likely provide much practical support for Costa's rescue attempts.

So far, in order to meet the fund's calls for a drastic reduction of the public sector debt, the exhaust has agreed to freeze public spending, remove subsidies on fuel, tax travel and flour, increase taxes and raise prices on a wide range of goods and services. These cuts will hurt the old, the sick and the unemployed in the same way that they would in an industrial state. But they also raise a more basic question: does such an attack on the public sector make economic sense?

Costa Rica's difficulties are due to high interest rates and oil prices, imported inflation and a strong export market which cost it roughly \$300 million last year—about half its expected foreign earnings, according to Raulo Silva, one of Managua's chief economic advisers. But these factors are largely outside the control of Costa Rica, says Silva, and they will not be affected by internal policies imposed by the IMF.

Not only IMF debt-cutting has been unhelpful to states in Costa Rica's situation, but it may cause actual harm. Costa Rica's state-aided schools and hospitals—which will be hurt by the cuts—are responsible for something that is desperately needed in Central America: a confidence in the evolving influence of democracy.

"Costa Ricans are prepared for some belt-tightening," says Silva. But he hopes the fund does not twist the screws too tight. Even in struggling Costa Rica, protests over last year's austerity cuts were only a faint echo of the protests in San José.



Managua: gallows



poor countries are caused by external factors and are not, as IMF economists suggest, solely the result of corrupt or self-serving socialist elites.

When the IMF moves into a Third World country, the first to suffer are often the urban poor, followed quickly by the governments they help to elect. The past decade has seen—in Egypt, Tanzania, Sudan, Morocco and across Latin America—a phenomenon known as the IMF riot, in which anti-Western feelings are intense. Says Michael Mosler, whose socialist government in Jamaica

was defeated after a celebrated clash with the IMF: "The fund's prescriptions are designed far and by developed capitalist economies and are inappropriate for developing countries of any kind."

Inappropriate they may be, but they are the only alternative for a growing number of southern countries facing the prospect of bankruptcy. All it takes is a sudden change in their export picture, such as the drop in the world price for oil that sandbagged Mexico's once promising growth, to push them to the brink of ruin. In total, Third World na-

tions owe more than \$400 billion to Western banks, including \$5 billion to Canadian interests, and that debt hangs like a dark cloud over deliberations in Toronto this week.

Al Berry, an expert in development economics at the University of Toronto, argues that the looming crisis makes it vital for the IMF to seek more flexible lending conditions that will be closely attuned to the different cultural values and economic realities of the Third World. "They're going to find a lot of countries that don't much appreciate

more official, U.S. companies would not be allowed to bid on its contracts during the year the Americans do not contribute any money—"To administer a slap on the wrist" and "to deliver a small message, without turning them off the program altogether." Says Jean Road, former adviser to Prime Minister Trudeau and now president of Ontario's International Development Research Centre: "One problem the world faces is re-educating every new American regime that blows into office."

Skeptics say Canada, on championing the special account, may be more concerned with protecting its own business interests than with helping the poorest of the poor. However, the figures show that Canada has fared poorly in the IMF deal: of last year's \$200-million interest sent, only \$55.5 million in contracts went to Canadian firms. One reason is that all World Bank and IMF contracts are put out to international tender—in Canada must literally compete with the rest of the world. Tom Barre, president of the Canadian Export Association, notes that Canada is often at a disadvantage competing with firms from countries with extensive colonial ties in the Third World, or—in the case of Canadian branch plants—with their U.S. parents. Brian Hunter, a technical assistant at Canada's World Bank office in Washington, agrees that there are formidable obstacles. But he says firms should be more aggressive in the pursuit of international contracts. Several engineering consulting firms, particularly Lavalin Inc. of Montreal, have profited from World Bank contracts.

The Ontario government is making its pitch with all the subtlety of a cattle auction. Cabinet adviser Clare Westcott vowed that the province would fly delegates anywhere, anytime, to see almost anything. The province had also invited the big bankers over to Queen's Park for drinks and snacks. "We have to make it what it should be," Westcott is determined to leave none of the government's treasures unexplored. "It isn't often," he brags, "that you get a chance like this."

—SIRHAN REJAY in Toronto

Canada's share of the burden

Had Jean Chrétien realized in 1979 what hosting the event would mean, he might not have been so quick to invite the IMF and the World Bank to hold their 1982 annual meetings in Toronto. Organizers fully expected to finance half the \$50-million cost of funding the meeting and turning the Sheraton Centre into the nerve centre of the financial world for four days. What came as a surprise was the extra cost to their province.

For one thing, Canada lost nearly a year of organizing time when the bank and the IMF belatedly declared that the meeting would have to be moved ahead a month as it would not conflict with the winter feast of sacrifices, Eid al-Adha. Then, when the Canadian task force organizing the event tried to find the 200 immigrants required by strict IMF-World Bank protocol for delegate leaders and assorted dignitaries, they discovered to their dismay that a crafty Toronto entrepreneur had already commandeered every line in town and was planning to rent them back to the delegates for a handsome profit. Rather than submit to the host's officials' snarky deal with General Motors, the company happily provided 360 white, on-life cars for a nominal \$10 rental.

The military was also involved, with three police forces and an army of private security guards, in one of the trickiest and most difficult security operations ever mounted in Toronto. A slash of apprehension struck the group after a Turkish diplomat was killed by an American death squad in Ottawa. In Toronto the security effort is centred on major hotels and the airport. Delegates who want to elude the will have only on Canada's recently improved reputation as a neutral security society.

Meanwhile, behind the security net and plate-glass windows of the Sheraton Centre, members of the Canadian delegation have been engaging in



Had Alan Marshall: support for IMF.

equally dismal manoeuvres. Along with allies from some Third World and European countries, the Canadians are trying to ensure that the World Bank's International Development Association (IDA) account does not run out of money in the middle of next year.

IDA, formed in 1960, provides cheap loans on understanding terms to the poorest countries in the world. Last year it spent \$5 billion funding 37 projects in 41 countries with average annual incomes of less than \$730 a year. A recent decision by the United States, its largest contributor, to shave \$500 million from its contribution means IDA could shortly be penniless—and the next major replenishment is not expected until mid-1983.

To fill the funding gap, Canada is proposing that a temporary special account be set up by IDA's other regular contributors in hopes of raising \$3 billion or \$4 billion to cover the 18-month shortfall. According to an Ottawa fi-

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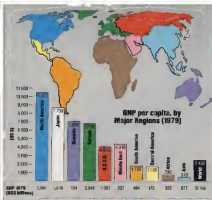
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being told what to do," he says. Indeed, the first signs of rebellion may be coming from Mexico. Last week the government announced that it was nationalizing the country's private banks. Rapsa of the more caught IMF officials by surprise. As a result, informal sources in Mexico City say, it may "seize up." Mexico's current negotiations with the IMF for a \$4.5-billion loan, although it is not expected to affect the outcome.

However, the unexpected barbedness may be less a new show of open-mindedness on the part of the IMF than a silver realization of the devastating impact on major Western banks of Mexico defaults on its \$60-billion debt. Again, it was the infamous Lord Keynes who once commented that if a man owes a bank \$100, the man may have a problem, if a man owes a bank \$1 million, it is the bank that has the problem.

There will be few outward signs of the world's economic distress at the Sheraton Centre this week. Crab claws, caviar and champagne are in plentiful supply. And the annual meetings of the two biggest institutions represent the longest, richest commercial bazaar in the world. One oil sheik commanded eight rooms in a downtown hotel for his own personal use. The Bank of Montreal has rented a cruise boat to use as a moonlight joust along Lake Ontario. And, when they are not listening to the drawing pro-

ceeded speeches (an estimated 65 in the course of the three-day conference), the 12,000 delegates, observers, and guests have a choice of 85 lavish social functions to attend.

It all seems far removed from the aid and North African plans of Chad, a World Bank member and one of the poorest of the poor countries, where average life expectancy is 41 years and the average annual income is \$390. Indeed,

Keynes: rebirth the bank's problem



for some, the distance seems unbridgeable. Cheryl Payer, an American academic and author of a controversial new book, *The World Bank, A Crucial Reality*, argues that the World Bank and the IMF should be abolished. Payer, who was in Toronto for a simultaneous nongovernmental conference on the global impact of both institutions, claims that the bank's drive to "improve" agricultural production in poor countries has the effect of destroying subsistence farming. Their industrial projects, she says, merely pave the way for U.S. multinational investment and enrich local elites. Their hydro dams and roadways only serve an export-oriented economy. Payer is accused when she is asked what she would put in place of the two financial giants.

"If I proposed getting rid of the Mafia, no one would ask me what I propose to replace it with," she says.

Bank and IMF officials strongly reject Payer's allegations. They point to Robert McNamara's stint as president of the World Bank in the 1970s and his attempt to meet the "basic needs" of poor countries by

encouraging small farms and production aimed at feeding the hungry poor. In the last report of the World Bank, the new president, Tom Clusen, says, "The array of new programs for small farmers in the 1970s is already paying off."

Of T. Barry says it is too early to tell whether McNamara's plan will succeed over the long term. But he believes the World Bank's commitment to social justice in the 1970s was genuine and he would like to see it renewed. Both Al Berry and Crawford Pratt believe that disinvestment of both institutions would be extreme and unrealistic. An articulate critic of both institutions, Pratt nevertheless wrote against overrating Washington's admittedly unstable influence on both institutions by pointing out that a recent \$5-billion bank loan to India was approved despite the strenuous opposition of the Reagan administration.

Whatever the merits of the various arguments, the strongest supporters of the World Bank and the IMF were the only people who will realize any immediate gain from the week's gloomy proceedings—the hotel and restaurant owners of Toronto. However miserable business may be in the rest of the world, they expect to pull in \$20 million from the financial potlucks of the planet by the end of the week. ☐



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Second's best and getting better

By Ken Becker

He arrived in the United States in 1970, an 18-year-old Dominican speaking little more than an athlete's lingo, a soccer player's reflexes and an immigrant's desire for success in a new land. In his chosen profession he was virtually unskilled. In an English-speaking country he was a functional illiterate. He was the antithesis of the U.S. baseball prospect, a kid incapable of ordering a cheeseburger or hitting a batting curve ball.

Yet, within just seven years, Domingo Garcia has risen to the forefront of his craft, has become perhaps the finest second baseman in baseball and has elevated himself into the company of the major league's most prominent hitters and base stealers. Last week, while recovering from a hand injury, Garcia remained among the American League's top hitters (.308 average), continued to lead the league in hits (.271), and was second in stolen bases (48).

This season Garcia will rewrite the Toronto Blue Jays record book, likely establishing team standards in most batting categories, save the power metrics. He has already set a club record by hitting in 80 consecutive games. And, despite the hand injury, he still has a remote chance at an all-star, yet remarkable, major league record set by Chuck Klein of the 1930 Philadelphia Phillies, who hit safely in 330 games in a season. Garcia has hit in 106 of 125 games, not hitting straight facing a mere two games. "Right now," says Tony Kubek, once an exceptional ball player, now one of the game's most knowledgeable broadcasters, "he is the best all-around second baseman in baseball." Born on Feb. 7, 1957, in Meru, an agricultural town in the Valle del Cibao, Dominican Republic, Garcia played soccer and some baseball. At 13 he decided to concentrate on soccer. He is later told he was the star of the Dominican national soccer team. But he joined the semi-school baseball game and, in 1974, was brought to the attention of Egg Yover-

re, who was then beating the cane fields of the Caribbean for the New York Yankees (the year soccer Latin America for the Blue Jays). In 1975 he signed Garcia to a contract and shipped him to the Yankee farm club in Orono, N.Y.

"He was really green," says Mike Ferraro, Garcia's manager there. "He came

leagues. The Yankees had—and still have—Wally Randolph, an excellent infielder in his own right. After the 1979 season Garcia was traded to the Blue Jays. Instead of languishing for years in Randolph's shadow, Garcia began the 1980 season as the Blue Jays' second baseman. "I gave him the job," says Bobby Mattick, the Jays' manager at the time. "We knew the guy, knew he could field and run. But there was a question about his hitting."

In his rookie season with the Jays, Garcia batted .275, had 122 hits in 149 games, and stole 13 bases in 26 attempts. Last year, in a strike-shortened season, he averaged .282 and was 13 for 18 in steals before his hand was broken and his season ended in August.

This year Garcia was aided by the Jays' new batting coach, Chris Gerson. "He was hitting too much down the right field line," says Gerson. "So we did two basic things: we got him up on the plate and got his bat stored a bit sooner." But it wasn't merely a mechanical adjustment that made Garcia a major league star. "The coverage of the four factors at bat and at second base makes the double play," says Kubek. "At going to his left and right, he's better than Maury Wills (the former League all-star second baseman) and his arm is close to Wills', which is the best I've ever seen." Now that the

Blue Jays have found their star their job is to keep him. This year, after an early season contraction when he refused to cash his paycheck, Garcia signed for one year at \$10,000, according to Pat Gillick, the Jays' vice-president of baseball operations (for the last, according to Garcia). Next year he will want substantially more. After 1983 he could demand to be traded, after 1985 he could become a free agent.

"I can't know about the future," says Garcia. "This is the first club that gave me an opportunity to play in the big leagues. I want to enjoy some of their future. But we know it. For now Garcia may not be the best paid, he's simply the best." ☐



Garcia, he overcame the four factors at bat and at second.

to me at 18 but, compared with an American kid, in terms of skills he was like a 12-year-old." Realizing his first year, Garcia says, "I didn't know anything about baseball. I had to learn everything," including English, which he now speaks with just a trace of an accent. In his first 13 games Garcia committed 14 errors.

In 1978, in Florida, Garcia packed his bags and was ready to head home. "I was going to quit," he says. "It was too much. I wasn't learning. I was putting too much pressure on myself. He [Ferraro] said, 'Take it easy, you'll get it.' I owe him a lot."

Garcia obviously learned well, but it did not guarantee him a ticket to the big

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Bergman with Charles Boyer in *Gaslight*, with Bogart in *Casablanca*, as *Mur* (below)

Brilliant simplicity

Brilliance sometimes masquerades as the guise of simplicity, and when it does it gives off a special glow. You can see it in Ingrid Bergman's face as she turns a tear-filled eye (the other hiding under the brim of her hat) away from Humphrey Bogart at the airport in *Casablanca* (1943). You can see it, too, in *The Girl in the Rain* (1945) when, as a tuberculosis ward nurse, she tenderly cares for a patient, the slender, sad-eyed Ben Croody and shakes his hand. "If only I were not a man and you were not a priest," says a tragic expression. What made Bergman a great actress was her understanding that the moment was more important than the message. She was devastatingly simple.

Last week the Swedish-born actress with the fresh-looked face died of cancer after a small party celebrating her 65th birthday. In the movies she registered fear and confusion with a delicate realism as the young wife being driven slowly insane in *Gaslight*, for which she won her first best actress Oscar in 1944, as the tortured Joan of Arc (1948), and as the amnesiac in *Notorious*, for which she won her second Oscar in 1946.

Nothing seemed premeditated in a Bergman performance. It was happening to her and so it happened to us. Alfred Hitchcock once had to shoot at her when she became emotionally overwhelmed after the camera had stopped rolling on *Notorious*.

"Ingrid, it's only a movie!"

If she showed bravery in the movies, for example as *Maria in Four Women* (1941), she needed access to a service of it in real life. Having been ostracized as one of the top stars of the '30s, she fell in love with Italian director Roberto Rossini in 1944 and, while illegitimately bearing him the first of three children, was effectively blacklisted from the United States, even condemned on the floor of the U.S. Senate. Though America forgave her after becoming her friend for six years, Bergman remained in exile in spirit.

When the actress celebrated her eighth year's age, she became *outspoken* about it, determined to make every moment count. She was a third Oscar (best supporting actress) for her role in *Murder on the Orient Express* (1934) in which she victoriously guarded her own performance as a missionary in *The Jew of the South Seas* (1938). Bergman's last feature film performance was as the self-centred parent in *Autumn in Rome* (1970), her last role was as *Golda Meir* in the made-for-TV film *Woman Called Golda*.

Ingrid Bergman had it all: beauty, intelligence, humility, brevity and a hearty laugh. The glow was a kind of grace that she herself created. Her enigma was already delivered when Bogart bade her goodbye in *Casablanca* and said, "Here's looking at you, kid."

—LAURENCE ULLMANN



A theological blow against apartheid

Even though it passed relatively unnoticed in the dry, secular air of Canada, the recent Ottawa conference of the World Alliance of Reformed Churches may have a profound effect on the architects of apartheid in South Africa. Indeed, the decision of the conference's 400 delegates, representing 70 million men from worldwide, to renege the two main Dutch Reformed Churches and to elect as alliance leader a black South African may have more far-reaching internal consequences than any other international action against South Africa.

In that country, so in fact, politics cannot be considered apart from religion. To the clash between black and white nationalists, both sides claim divine justification. The denunciation of the apartheid-supporting Afrikaner churches in Ottawa has sent shivers through that embattled community.

The white Afrikaners who rule South Africa came out of the cauldron of the European Reformation, bringing their Calvinist faith with them from 17th-century Holland and fashioning it into a fundamentalist doctrine of survival. To this day Afrikaner nationalism is closely interwoven with the doctrines of the Dutch Reformed Churches, and, without their specific approval, the ruling National Party could never have embarked on a policy of apartheid. Religion is equally fundamental to the black South African. Christian missionaries brought their faith to Africa, and the Afrikaners took it enthusiastically. Today 90 per cent of South African Christians are black.

In this theological odd war these deeply Christian people have been told that their apartheid policy is a felony in terms of their own religious doctrine. Officially, the churches will almost certainly reject the world alliance's pronouncement. In doing so, the Dutch Reformed leadership may even meet with a righteous rage, as many have into late with the far-right Conservative Party. For the first time in its history, the breakaway group opposed to government plans for marginal amendments to the apartheid system.

The real test will be for the more non-aligned reformers in the Afrikaner community. Two months ago, 120 Dutch



Boesak: far-reaching consequences for South Africa

Reformed ministers published an open letter denouncing apartheid and calling on their church to play a more active confessional role on the race issue. They saw face an agonizing dilemma: either to stay with the white church and be part of the heresy or leave it.

Most are expected to leave, with perhaps thousands of lay members fol-

The formation of a multi-racial Dutch Reformed Church may have far-reaching effects on Afrikaner attitudes

lowing them. And their departure from the church will almost certainly mean cutting ties with the ruling National Party as well. This is likely to lead to the formation of a new, non-aligned Dutch Reformed Church, the substance of which could have a far-reaching effect on Afrikaner attitudes on the race issue.

The main Dutch Reformed Church, the Nederlandse Gereformeerde Kerk (NGK), claims the bulk of Afrikaners as adherents. It is divided into separate

racial branches: a white, or "mother," branch, and "daughter" branches for the colored (mixed race) Africans and Indian communities. Only the white church has been suspended by the world alliance, but, in terms of its Ottawa pronouncement, the daughter branches must now separate and amalgamate, since theologically sanctioned segregation is now deemed a heresy.

Allan Boesak, 37, the fearless colored theologian who spearheaded the open-letter move in Ottawa and was then elected president of the world alliance, will be a key factor in these developments. He returned from Ottawa as a hero's welcome by a black crowd of nearly 1,600 at Cape Town airport following the Ottawa conference and overnight was thrust onto the black political stage as a major figure. He is likely to be elected head of the colored branch of the domestic NGK at its synod on Sept. 22 and to go on from there to form and lead the new multi-racial church.

As a parallel development, the current government is now likely to run into problems on the conservative front, especially with the constitutional reform plans that ousted the Conservative split. Prime Minister Pienaar Botha's strategy is to try to draw the colored and Indian minorities into the whites-only political system, thereby co-opting them as allies while continuing to exclude the black majority.

Colored radicals are campaigning against participation in the new system as well, but Botha has been hoping that the more conservative ministers of the colored Dutch Reformed Church would persuade strong believers to take part to give the new system a religiously legit, with Boesak in the lead and the capture of the Afrikaans declaration hanging over them, the colored ministers are unlikely to go along with Botha now. As a result, Botha's plans may well flop, plunging him into a political crisis that will help break up the old ruling majority of Afrikaner nationalists which has ruled South Africa for 30 years. This would lead, in turn, to new political alignments that, in time, might produce more meaningful reform and the final waning of apartheid.

—ALLAN SPARKS in Johannesburg

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MEDICINE

A guarded breath of hope

As long transplant recipient, Jason Pransky hovered between life and death in Toronto last week, hopes that the 31-year-old Miramichi, N.B., resident would survive remained high. Even though only three out of 38 patients to undergo the procedure worldwide have lived more than a month following a lung transplant, a powerful retrovirus drug called Cyclosporin A, along with refinements in the surgery itself, raised expectations for the success of the Toronto operation. As the patient safely passed the most critical postoperative stage last week, the 30-member team that labored for 6½ hours, scared nervously, concerned about high levels of poisonous herbicide that remain in Pransky's blood.

Only desperate conditions justify the use of a procedure that has a long-term track record of loss (The previous longest-surviving lung recipient died after 39 months.) But Pransky's illness justified the risk. A tertiary smoker, he became acutely ill from persistent pneumonia several weeks after using the weed killer. "We had about 38 hours to keep him alive," says Dr. Harold Alpert, his physician in Atlanta. The same day, the patient, accompanied by Alpert, was flown to the Toronto General Hospital. Soon after arrival, Pransky was placed on a membrane respirator (the only one in Canada), which can perform all functions of the lung for at least two weeks.

The logistics of any lung transplant—an operation estimated in this case to cost at least \$75,000—are formidable. Surgeons have only four hours from the

limits of death to remove the donor's organ and implant it into the recipient. This time the donor also had to be rescued from Atlanta. Meanwhile, the operating team strained itself in adjoining operating rooms for the careful replacement of Pransky's damaged right lung with the donor's healthy one (The intensive left lung is kept intact due to the dangers of removal.)

Most recipients survive not to reject tissue but to improve healing and moderate blood supply to the lung. In the Pransky operation, Dr. Joel Cooper, head of the lung transplant program at the General, along with fellow surgeons, executed a new surgical technique to eliminate such complications. "The technical aspects of the transplant went well," reports the team.

All this might not be successful without the help of the natural, fungal compound, Cyclosporin A. Unlike the earlier anti-rejection-prescription agent used to prevent rejection, Cyclosporin A does not stop the organ recipient of every defense mechanism. In the few years during which the drug has been available for experimental use, survival rates in heart transplants have now reached 75 to 80 per cent for at least one year, compared to 40 to 60 per cent with previous drugs.

By week's end Pransky's condition had worsened briefly as the postoperative pneumonia he recovered. With the introduction of a new procedure and a relatively new drug, the medical community will join the public with great anticipation in watching his struggle. —PAUL HARRINGTON

JUSTICE

The charter goes to court

It was a ruling that may well prove unpopular with Canada's overwhelmingly crime-conscious citizenry. A Toronto man charged with 38 counts of breaking and entering was released last week when Ontario Provincial Court Judge Maureen Charles ruled that the man's rights under Canada's new charter had been violated when his fingerprints were introduced as evidence. Charles maintained that fingerprinting a suspect after an arrest, but before a conviction, contravened the suspect's rights not to incriminate himself. The judgment prompted police to complain that their hands are being tied and it led to scrambling that Canada's Charter of Rights and Freedoms would be used to let criminals go free.

Four months after the Queen signed the charter under a ratified treaty on Parliament Hill, the document has begun to create ripples in Canadian courts. So far, the most contentious rulings have come out of Judge Charles's court. In addition to his fingerprint decision, Judge Charles accepted a defence lawyer's argument and ruled last July that breathalyzer tests violate the charter. The province is keen to challenge both decisions in higher courts. Ontario Attorney General Joe McCarthy took the unusual step last week of suspending that he thought Judge Charles's interpretation of the charter with regard to fingerprinting was wrong.

Whether or not Judge Charles's fingerprint decision is upheld, the ruling has stirred debate on the police practice of automatically fingerprinting anyone charged with an indictable offence. Judge Charles told Martin's that

Charles: wiping away the fingerprints



such widespread fingerprinting may not be necessary, since the evidence is used in only about two out of every 100 cases. His concern lies in protecting everyone who is put into the "rogue gallery" of police files, even if they are eventually acquitted. Judge Charles also maintains that he is not fully opposed to fingerprinting suspects nor to the practice of fingerprinting all criminals upon conviction. But he says there should be safeguards along the lines of the British legal provision which states that police must first obtain a court order to fingerprint an accused.

The judge's desire for better safeguards was also behind his ruling on breathalizers. He decided that they violated the charter by forcing an individual to incriminate himself with his own breath. "I feel strongly that drunk drivers should be taken off the road," he says. "And they should be compelled to give samples of their breath." But he suggests that a driver should be provided with a sample of his own breath for independent analysis in case he wishes to challenge the police tests in court.

So far, the charter has mainly produced confusion as provincial courts come up with conflicting rulings that higher courts will have to resolve. Last week, after a series of conflicting family court decisions, Ontario Supreme Court Judge Walter Smith invoked the charter's freedom of expression provisions to overturn the practice of barring the press and the public from trials of juveniles. The next day a Globe and Mail reporter was ordered to leave a juvenile trial in Toronto. But when he produced a copy of the Supreme Court ruling he was allowed to stay.

While the courts work out discrepancies, police continue to take suspects' fingerprints and apply breathalizers. Even Canadian Civil Liberties Association General Counsel Alan Berenson argues that the rulings nonetheless have acted as "a consciousness-raising exercise about the fairness of the practices and rules we live by."

Still, the most significant fight lies ahead. Andrew Roscoe, a lawyer for the Public Interest Advocacy Centre, fears that the charter's judicial welcome may be worn out before the courts are even asked to deal with more pressing civil rights issues—the rights of the accused in custody, the legitimacy of the Official Secrets Act, film censorship and the application of the charter's equality provisions, which do not even come into effect until 1985.

For his part, Judge Charles contends that Canadians are "disproportionately 'glassy'" about their rights. He says, "If our rights are eroded bit by bit, what do we have?"

—LINDA McQUADE in Toronto



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ETHICS

A reprieve for heroin?

This year in Canada an estimated 25,000 people will die of cancer, the pain of their final hours eased for many by injections of morphine. None of them will find relief in heroin, a drug made from morphine and usually associated in Canada with addicts but legally prohibited as a potent pain-killer in 37 other countries. Now, because of a determined campaign by a single doctor, the federal government is going to consider legalizing heroin for medical use, forming a committee of experts to study the issue this fall.

When Dr. Ken Walker met federal Health Minister Manasseh Blais in July, he carried three green garbage bags filled with 12,000 letters—each one asking that heroin treatment be allowed for terminally ill cancer patients. Walker is a surgeon in Niagara Falls, Ont., but he is better known as W. Giff-Jones, the pen name he uses for his medical column, *The Doctor Game*, which appears in 40 newspapers across the country. In mid-April he published a column that produced the greatest reaction to anything he has written since becoming a medical journalist in 1976. Walker said that restrictions on the medical use of heroin could not be justified and asked his readers to write if they wanted the law changed. His campaign has found little favor with the Canadian Cancer Society, however, which maintains that there is no need to legalize heroin when morphine, with similar pain-killing qualities, is available.

Walker wants the drug legalized to increase the variety of pain-killers available. "I've seen a lot of patients and good friends die of malignancy and I've always thought physicians weren't giving them sufficient medication frequently enough." So far, Walker has received support from Dr. William Ghent, chairman of the council on health care for the Canadian Medical Association, and Dr. James Golden, head of advanced therapeutics at the Cancer Control Agency of British Columbia, who wants the issue of heroin legalization thoroughly investigated. But Walker is not going to stay his campaign on the premise of a committee being formed. He is backed by the knowledge that before any findings are released, cancer patients will die—without the comfort of a pain-killer he considers the best available.

—MARGARET GRAY in Vancouver

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THE CHOSEN

Directed by Jerry Paul Kagan

Real Stager has never shown such high spirits, or such a sense of self-trust, as he does playing Rabbi Ben Saunders in *The Chosen*. Even under an enormous fur hat, his eyes peer out fearfully and, at times, playfully. This is a man—a Jew—who nurtures the world but who cannot help loving it. And this is an actor whose every facial expression due to labor to become a high C, a few years ago, were he to play dead his face would

best mean "Being a good Jew," Reb explains to Danny, "depended not on how much he knew, but on how much one felt." The strongest feelings in *The Chosen* arise out of the friendship between two young Jewish men from radically different worlds.

Reuben (Barry Miller) is much like any other kid growing up in Brooklyn during the 1940s. He hangs out, plays baseball, goes to the movies, at the movies he sees the newsreels on Backstreet and realizes just how "cheerful" the Jews are. Danny sheds a halo-ball into Reuben's eye and comes to the



Reuben (left) and Miller's race of people glad, and surprised, to be alive

still be moving. As the rabbi who believes the Torah to the last letter and who rarely speaks to his eldest son, Danny (Hobby Herman), Stager is wonderfully restrained and relaxed. When he rises to deliver a *Maaseh* wedding, he slowly elates his fingers and, in a rage of happiness, lifts his head heavenward to celebrate. Stager's dance becomes the dance of a race of people glad—and not a little surprised—to be alive. *The Chosen* is moving, exhilarating, what the movie *Fiddler on the Roof* should have been.

Adapted from Chaim Potok's rather dully written novel, *The Chosen* is not so much about being a Jew as being a mensch. In Yiddish that means "a real person"—a human being in the full and

hospital to apologize. These two opposites tentatively attract; they ease each other out, as if they were from other planets. Being Haside and expected to follow in Ben Saunders' footsteps as a next-generation rabbi, Danny finds the modern world, from his prison of orthodoxy and tradition. Life looks upon his father as a forbidding figure, yet admires him intensely. Blessed with total recall (he guesses book upon book as the city at the library), Danny has an appetite for knowledge that becomes insatiable, especially for Freud's writings. As Danny tries to break out of the contemplative life, Ben Saunders is pulled into the mysticism of Jewish orthodoxy. When they are separated because Ben Saunders is attracted by the Zionist

speeches of Reuben's father (Maxwell Schell), it becomes a true test of friendship.

Director Jerry Paul Kagan (*The Big Fish*) works with an unobtrusive camera and lovingly evokes the Brooklyn of the '40s. It is an old-fashioned movie and none the worse for it. But Kagan's major contribution lies in keeping the characters vital in a way they were not in the book, as when Danny and his father finally make their peace, we are caught up in a flood of feeling. Besides working wonders with Stager, he has coaxed a strong performance from Bobby Herman, of all people. When a woman kneels on YK Day, she looks on his face says, "This is a book I never dreamed existed," it makes up for the few miscalculations in his performance (too much liveliness here, a little too much stress there). As the person Reuben, Barry Miller shines with superb concentration, and we follow the story with his ears. *The Chosen* is a labor of love and was made by them as well.

—LAWRENCE D'OLIVE

Sunny sociology in the suburbs

FART TIMES AT RIDGEMONT HIGH
Directed by Jay Meisling

"What are you people?" Mr. Rand (Ray Walston) asks his history class at Ridgemoor High. "On dope?" That's about as funny and insightful as *Fart Times at Ridgemoor High* gets. This anecdotal account of modern teenage life jumps from episode to episode like a lumpy puppy. It is a make-out movie that has sat in its few sociology classes. Though set in California, the movie has been shot in such a way as to make its specific locale, it can be—or play to—any North American suburb.

There is, of course, a doper (Ben Fenn), blessed out on dreams of stardom for eternity, a ticket-scalping Mr. Cool (Robert Romanus), who turns out to be a first-class jerk, and a nice Jewish boy (Brian Backer) representing the old guard. The girls talk about romance and sex, one of them has an abortion. Meet Teenage America.

Amiable enough, the characters are a mix of stereotypes and idiosyncrasies. This may be said for *Fart Times* and its Dr. Pepper-TV commercial moments, where the stereotypes play by a loose life as presented as a juggle full of bright colors, and we all bear our parts in our heads when we walk down the street. Actually, *Fart Times* is a Pac-Man movie—the movie gobble up episode and then moves on to another—perfect for shopping malls. —L.O.T.

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AGRICULTURE

Antifreeze for plants

As a breadbasket country, Canada has long been afflicted by its own temperate drizzle. Unseasonal frosts and protracted winters have helped to prevent Canada from holding the number 1 spot in world grain exports. Efforts to increase crop cold hardness through crossbreeding and crop-management solutions have been slow in coming. Now, research by two Canadians into a natural plant hormone, abscisic acid, or ABA, may produce a dramatic new method to shield crops from Canadian winters.

While ABA is familiar to crop scientists as a regulator of plants' resistance to drought, Larry Gusta and Terry Choe, researchers at the University of Saskatchewan's (U of S) Crop Development Centre, are the first to demonstrate that the hormone can also protect against cold. Gusta and Choe have discovered that ABA levels in vernal wheat grown doubled and tripled when cooled to 2 C from 20 C. Working with winter wheat seeds grown in laboratory cultures, they have shown that roots sensitive of ABA allow the cells to survive a drop to -30 C. Rising levels of ABA, they posit, switch on certain genes in the cell nucleus. These switched-on genes under the production of specific proteins, which are incorporated into the cell membrane and help buffer against freezing.

The researchers have not yet tested their findings on plants growing in soil, but grains growing in agar, a gel-like medium, have responded positively. Ultimately, says Choe, it may be necessary to synthesize related forms of ABA for use as a chemical spray.

Other crop scientists applaud the researchers' advance but are preserving judgement on the practical implications. Yet the outlook for "winter crops"—those that are planted in the fall—such as winter wheat and rye is decidedly improved with the discovery. Land such as the central Prairies, not previously used for these higher-yielding grains, could now become available to Canadian farmers. And ABA could also help protect spring and summer crops, including fruit, flowers and vegetables. Crown Herman Austerman, chairman of the crop science department at the U of S, "If they can get it out of the lab and into the field, it will be of fantastic importance from a financial point of view."

—ALEXIS RABIN



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MEDICINE

Fat by the pocketful

The emphasis on "diet" has driven many of the nation's punters aside to torridous means to shed pounds, resorting to surgery that short-circuits the intestines or implanting balloons that fill up the stomach. Now, from Europe via the United States, a new procedure called fat suction, or suction cavitation, is cautiously being applied to select patients in Toronto.

The new technique is a cure for overall obesity. But for many people who are lumpy, particularly around the buttocks, hips, upper thighs and calves, suction cavitation may be one way to permanently rid the body of localized pockets of fat when diet and exercise fail. Says Dr. Lloyd Carlson, chief of plastic surgery at Scarborough General Hospital in Toronto and one of its chief physicians: "I have only done 12 patients over the past 14 months, but so far I'm impressed."

The procedure admittedly sounds draconian. However, surgeons need only a small incision to expose the fatty tissue. They then go in with a special liposule instrument to break up the fat, which is drawn off with regular suction equipment. If the pocket is large—such as fat around the hips—small drains are placed in the incision to allow fluid to escape. Depending on where and how many lumps of fat are removed, it costs between \$500 and \$1,500.

Not all surgeons share Carlson's optimism. "The patient has very little to gain and takes a significant risk, such that the result is rarely justifiably the procedure," says Dr. Robin Tavel, chief of plastic surgery at the Royal Victoria Hospital in Montreal. The main aesthetic problem is leftover skin which is not easily tacked or tapered without making a larger incision. Suction cavitation may also accentuate the bulges by creating a depression where fat has been removed. There may be medical complications as well. Blood may pool and could require draining, and some sensitivity may be lost. Carlson admits such problems exist, but he has found a solution: "I leave some of the fat behind."

Meanwhile, however, more study needs to be done on suction cavitation before it can become a widely accepted procedure. "You need at least 100 patients before you can accurately report on results," cautions Carlson. "But, so far, more have been good, and my patients are happy." —PAN HANDSON

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BEHAVIOR

Listening to the body-talk

On trial for an unjust dismissal, a Toronto executive hesitated to give the court a detailed account of the day, a former vice-president was released from his duties. Aware of the man's reluctance, the defense lawyer, Charles Mark, began his cross-examination, speaking slowly and deliberately. By the time he had completed his inquiry, Mark had extracted the information he needed: "I put a bit into his mouth and I would say that I was quite successful at it."

The "bit" was a variation of a technique that Mark had once demonstrated several weeks before during a workshop. In noting the machine-gun rhythm of the executive's speech, Mark associated his own manner, which was attributed to the witness.

In the jargon of the discipline, known as Neurolinguistic Programming (NLP), the strategy is called "breaking the pace." NLP is the brainchild of John Grinder, a former linguistics professor at the University of California, and

Richard Bandler, a former mathematician and Gestalt therapist. This behavioral process has gradually gathered a band of about 1,000 Canadian adherents, among whom are lawyers, doctors, therapists, engineers and businessmen, from Vancouver to Montreal.

An NLP practitioner is trained to gather information by observing a client's skin tone, rate of breathing, pitch of voice, choice of words, speech rhythm and body posture. Although NLP incorporates some of the techniques of "body language," it is more comprehensive and does not attempt to interpret the facts. "The bottom line is rapport," says Dr. Max Steinback, head of the Ontario Neurolinguistic Programming Institute in Brampton, Ont. "Without it we can't do anything."

Grinder and Bandler discovered that most people forced a visual, auditory or feeling system when exploring, discussing or representing a situation to another person. They tested that a "normally

who was visually inclined would cast his eyes up and to the left when remembering an incident. He would most likely talk in pictures and might ask, "Do you see what I mean?" Conversely a person who recalled a moment by sounds would turn his eyes to the left and to the side. He might ask, "Can you hear what I am saying?" A feeling-oriented person would move his eyes down and to the right when summarizing a memory.

Advocates of the technique believe that it can be profitably used by many professions. Dr. Peter Rowland, a forensic psychiatrist based in Oakville, Ont., thinks that NLP is going to prove as helpful on police beats as it is in the courtroom. Armed with a knowledge of the strategies of NLP, police would be able to decide, without resorting to a battery of electronic devices, whether or not a suspect was telling the truth.

However, the tool can be used to almost anyone's advantage. Although businessmen are taking the technique into their offices to help them be more effective managers and salesmen, some critics have charged that, applied to commerce, NLP simply moderns the economic, a better manipulator. Says one NLP trainer, Todd Epstein: "It is manipulative, but doesn't people do it anyway?" —SUSAN EDWARDS

LIVING

E.T.'s second coming

Ever since E.T. batted his big blue, squinty eyes at Eliot, the little boy in the movie *E.T., the Extra-Terrestrial*, manufacturers have been scrambling to cash in on the shelfworn alien's intergalactic appeal. So far, Steven Spielberg's science-fiction flop, after sitting its fifth week at Canadian cinemas, has earned MCA's Universal Pictures a whopping \$10 million. But that box office triumph represents only a fraction of the barely creature's magical touch. In a few short weeks, Canadian shoppers will encounter the second coming of E.T., a shattering of endorsed products, including dolls, candy, storybooks, posters, shoes, T-shirts and school supplies—embellished with ELIOT, OTCH and various motifs. If what market analysts suggest is correct, and licensed companies are paying as much as seven per cent of what they sell in royalties (Universal will not say), E.T. paraphernalia is bound to earn more than the \$19.3 million that it cost to make the movie. Analysts also predict that the E.T. boom will eclipse sales of *Star Wars*

licensees, which have reached \$10 million.

In order not to "flood" E.T., Spielberg has required manufacturers to submit samples for his approval and has even limited the number of licensed products to about 30. Canadian companies that have been granted permission to exploit Spielberg's alien offspring include Hersey Canada Inc., Brown Shoe Company, Irwin Toy Ltd. and General Publishing Co.

So far, those firms report that initial response to their products has been out of this world. David Cole, president of Hersey in Seattle Falls, Ont., estimates that sales of Reese's Puffs—the peanut butter snacks used in the film by Eliot to coax the frightful creature to his bedroom—are expected to soar by 30 per cent between August and December. Irwin Toy, distributing E.T. dolls in Canada, expects to ship \$50,000, priced between \$10 and \$14, to retailers. And General Publishing reports that it has sold 25,000 copies of William Kotzwinkle's E.T., the Extra-Terrestrial storybook. "What amazes me," says Linda



E.T. doll intergalactic appeal

Brewer, a spokesman for Irwin Toy, "is that E.T. has such broad appeal." David Marlowe of General Publishing explains the phenomenon: "I think it's because E.T. is a lovable, sensitive character. He is something, during those depressed times, that people want to dream about." And dream the retailers will — all the way to the bank.

—CAROL BEUTMAN in Toronto



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A new fad full of old tricks

The video revolution is raring in fast-forward: penny-arcade movies such as *2800* use computer sophistication with the rudiments of a Pac Man game, rock groups are miniaturized in warped cinematography, and now the resurrection of a 30-year-old craze has been transported to a new medium. Three-dimensional television has invaded the country, and early ratings show that it is thrilling even Denzly Robbers and Sony Walkmans as a certified 1980s phenomenon.



The first Canadian 3-D showing, on Toronto's independent CITY TV July 22, was a triple bill on true life features: *The Mad Monkeys*, a *Vancouver* film, *Three Stripes* short, plus *Bonus Devil*, the 1963 film that began the infatuation. Animals, daggers and bolts of flame jagged out of the screen like Pop-Tarts from a toaster. While CITY President Moses Zinnerman has always been interested in television 3-D movies, it was not possible until a conversion process was developed more than two years ago. Selecting a pay TV operation in the United States, was the first to air a 3-D film in December, 1986 (flushing five cardboard and cellophane glasses to its subscribers), the wide audience response to a local 3-D telecast in New Orleans last February convinced Zinnerman to follow suit. As it happens, Concor Productions International Inc. (CPI), a rock promotion business, agreed to assume the costs of distributing the glasses (costing roughly 25 cents, retailing for just under a dollar) through

Rucker's convenience stores in the Toronto area. CPI did well for itself: city pulled in one-third of all sets being watched at, according to Nielsen figures, about 350,000 viewers. But \$15,000 pairs of glasses were sold, and most of them were no doubt used.

From Vancouver to Ottawa, conversions of television stations, distributors of movies and glasses and convenience stores have picked up on the 3-D experiment, even Global Television Network, which serves Ottawa, joined.

Given the annals of the process—the obligatory spies swarmed early and were a trial to convince viewers, while the required twin projector often ran out of sync—3-D sets eventually accepted by CinemaScope and Cinema. However, moviegoers are still lured by its old-time appeal: witness the current *Friday the 13th*, Part III and, in production, *Friday IV* (it may never be sold to go back into the world).

For almost three decades 3-D belonged solely to the wide screen: most of the 1950s films were shot in a polarized process (that TV light cannot produce). The conversion process now enables 3-D movies to be shown on television using an anaglyphic process—requiring the use of glasses with one red and one blue "lens." The trick is that the viewer now needs a color television, even to receive black-and-white movies in 3-D. And, despite the video breakthrough, other problems remain. One Toronto viewer, Susan Crocker, complained that "glor was in order" to secure the cardboard papers, that not enough time was allowed for adjusting the color controls for maximum impact and that she had a severe headache for three days afterward; headaches are almost as common after 3-D viewings as hangovers after cocktail parties.

At the moment the largest drawback to 3-D viewing is the dreary library of movies available. Though the list is long, Nancy Benich of CITY acknowledges that most of them are "stinkers," and the station is holding back on an movie broadcast until a quality product can be secured. The list of five films can be counted on a married hand: *White Snake Thompson*, *House of Wax*, *Rin McVie* and *Alfred Hitchcock's Dial M for Murder*.

With accelerating technology, everything we see on the tube may someday display six-set-scenes despite Mad-for-TV movies and rock concerts in 3-D. In the development stage, there is even talk about telecasting the next Rose Bowl Parade in full perspective. At the same time, three South Carolina concertgoers have created a glasses 3-D process for television, although it is not quite perfected: a disquieting flicker becomes an annoyance in displaying glasses. But, until the three-dimensional stigma arrives, stations will continue to offer lachry 1960s confections for a gentle Ontario's Global, in cooperation with The Toronto Sun and Mac's Milk stores, came up on October 10, one million viewers in Toronto and Ottawa with its Aug 17 showing of *Gordie at Large*, and it plans to forge ahead in September with *Inferno*, a desert thriller with Robert Ryan and Rhonda Fleming. Whether that takes off like the truck fire or flounders like the van remains to be seen—through red-and-blue tinted glasses—Bill MACKAY in Toronto.

The medium adds to the message

BILLY BISHOP GOES TO WAR
CNC, Sept. 22

Billy Bishop Goes to War is a rare phenomenon in Canadian theatre. Performed across the country to great reviews, this two-man show about the First World War was from Owen Sound, Ont., has also been mounted successfully in the United States and Britain. Recently showcased by John Gray and Eric Peterson, the aptly named production featured Gray at the piano and Peterson playing not only Bishop but more than a dozen other characters. There were no costume changes, props or sets. In translating the play for television, the obvious danger was that the medium's vast technological and production resources might overwhelm the delicate structure fashioned by Gray's quirky, lyrical music and Peterson's acting virtuosity. Happily, the cooperation by the



Peterson as a chamberlain: sharp moral

BBC and Petrosella of Toronto. In association with the CBC, has not just successfully adapted the play but enriched it as well.

The treatment, at the beginning of Bishop's youth and leadership. Royal Military College career, is fascinating and too experimental. Zooming blowups and arch graphics disrupt the narrative, while the quick cuts only distort the meaning. Also last is the sense of a particular time and place, which Peterson could re-create in the imagination from a bare stage. But, once Bishop arrives for duty in England, the treatment changes. Instead of merely miming the other parts, Peterson does costumes and makeup to deliver brilliant scenes as Billy's father, Lady St. Helier, and a blarney, cloddish air force colonel. Seamless split-screening allows him to play two roles at once, and the painted backdrops strike just the right note of whimsy.

Much more than the stage production, this version presents a sharp moral. The tension is the play between cynicism such as Bishop, with their "warred enthusiasm for life," and the drowning British Empire, which likes its heroes "cold and dead" but clanks Bishop in a desperate attempt to save his honor. It is heightened by the strong visual "Living shouldn't make you feel ashamed," according to the lyric, which are movingly counterpointed against stills of young soldiers lost in battle. The finale is *The Amiens Scarf*, a little longer, writing the audience once again to "define the dream of history," always replayed at the point of a

gun. Throughout the show, Gray has played convincingly, but in *Empire* the camera focuses on him directly and the message could not be clearer.

Originally scheduled for Remembrance Day, the program was crowded out to fill a vacant slot well before the prime viewing season. The play is neither an antiwar tract nor a glorification of battle. A humorous, moving, humane meditation, it cannot fail to awaken an audience to the futility and tragedy of war. It is unfortunate that scheduling should deprive Billy Bishop of a viewing time when its effect would be greatest.

—MARK GRANTHER

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The shame of bystanders

NONE IS TOO MANY: CANADA AND THE JEWS OF EUROPE 1933-1948

By Irving Abella and Harold Troper
(Letter & Depece Denique, 246 pages, \$19.95)

When asked in 1946 how many Jews Canada would take after the Second World War, a senior civil servant watercooled, "None is

too many." Not an isolated case of anti-Semitism, the remark was close to being a summary of official Canadian policy toward Jewish refugees after the ascent of Hitler. "What Canadian history books do not mention and what few Canadians talk about," historians Irving Abella and Harold Troper write, "is that, of all the states in the Western

World, of all the states that could have received refugees, there has, arguably, the worst record for providing sanctuary to European Jews."

None is Too Many documents this charge so effectively that it will leave most readers cranking with sorrow and shame. This is a record of the bleakness chapter in Canadian history, the racist and exclusionary policies toward Jewish refugees made our treatment of the Japanese-Canadian during the war look like a model of tolerance. Of the 60,000 Jewish refugees in Europe, fewer than 5,000 were admitted to Canada, compared to more than 200,000 in the United States and 78,000 in Britain. Even the small countries of Belgium and Chile each accepted 14,000 refugees. Abella and Troper pile fact upon fact, revealing upon revelation, moving from primary sources, they provide historical scholarship at its best.

The debate begins with Canada closing its door to almost all immigrants during the high unemployment of the 1930s. The argument that Jewish refugees from Nazi persecution were a special humanitarian case carried no weight with Canadian immigration officials. They, and the Liberal government of the time, were terrified of creating an anti-Semitic backlash in Canada by appearing to give special consideration to Jews. Even after the murderous pogrom of Kristallnacht in 1938, the Canadian government expressed moral concern but did not significantly change its immigration restrictions.

As the war unfolded in Europe—and the refugee problem mounted—Canada's Jewish Immigrant Aid Society found itself mainly assisting refugees passing through Canada to Australia or the United States. In 1940 Canada's senior immigration officer in Britain allowed that "European Catholic Jewish children" might be welcome. By 1943, knowing of the systematic extermination of European Jews, the government of Canada was still unwilling to do so little as host a conference on the refugee problem. The chief Canadian immigration officer in Portugal turned back refugees by ruling that the falsified documents necessary to get them out of Nazi territory were improper identification.

While its policies condemned thousands of European Jews to misery and death, the government urged Canadian Jews to self-gated their consciences. And Canada led to the world about its humanitarianism. The 20,000 refugees Canada once claimed to have aided, for example, included 25,000 Axis prisoners of war. After the war Canadians were more open to Jewish immigrants than to German immigrants, so a 1946 Gallup poll revealed.

Throughout this dreadful period, some Canadian gentiles overcame their



Refugees from Portugal in Montreal, 1944

anti-Semitic heritage, speaking out and working for more liberal treatment of the Jews. The young Rhodes scholar Robert Rank, whose job for a time in colonial affairs was to tell Jews that Canada

would not take their relatives, wrote: "It leaves me shaken and ashamed of Canada." It's like being a bystander at an especially cruel and long drawn out murder. Such concern, the authors point out, was not widespread enough to make the Jewish question more than something of a sideshow to the main war effort. The charge that Canada was not doing enough was a hard one to make to Canadian men and women who were sacrificing their sons. Do the men who fought at Dieppe or flew the Lancasters over Germany need to feel guilty about what Canada did in Hitler's war? Do they need to feel as guilty as the men who spent the war years riding around Montreal on their motorcycles?

Canadians were not an evil people. During the agency of European Jewry they happened to be the prisoners of naive and vicious ideas and so contributed, almost unwittingly, to monstrous crimes. The country's record of accepting refugees may have improved since the 1940s. But because history rests so heavily on the wisdom of hindsight, we cannot be certain that our generation is necessarily doing a better job.

—MICHAEL BLOOM

Orderly downfall of pretty worlds

STARGATE

By Pauline Gedge
(Macmillan of Canada, \$11 pages, \$19.95)

Judging a fantasy novel on twelve criteria: first, that the writer invent a world the reader can believe in, and, second, that the created world does not then leave the reader thinking, "This is all very fancy, but so what?" Pauline Gedge, who has written two successful historical novels, gets full marks on criterion number 1. It is only logical that the universe as conceived in *Stargate*—a thousand worlds built by the Worldmaker to complement one another perfectly, under the direction of the Lawmaker and the guardians of 1,000 benevolent sun looms—should come under attack by the forces of evil. And it is predictable that the Worldmaker, herald in his destruction because his creative powers come linked to the Lawmaker's order that as one should "own" a world, should turn Unmaker—spending time, love, time, joy and grief for power among the peacefully beaming sun looms. Criterion number 2: *Stargate*'s done it.

The book begins at a supposed point

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of circa 500 of the sun lords have succumbed to the Unmaker. Four worlds remain: Ist, Glasha, Shol and Damar. In the first two-thirds of the novel, Gedje is so entranced by imagining the downfalls of Ist, Glasha and Shol (not to mention painting pretty, descriptive pictures) that narrative tension goes out the window. The dramatic arrival of the handsome Unmaker on the doorstep of Shol inspires no more than a yawn. Ninety-nine ordinary worlds on the wall, 99 ordinary worlds: If one of those worlds should happen to fall.

These battles do not come to life because their focus is the abstract relationship between immortal sun lords and their immortal bones. In Book Two, which starts on page 227, Gedje proves that she could have made me care about her: her longings, perhaps even from the first page. The character, guardian of the last untouched planet, Damar, must leave his immortal body behind and travel to Shol to attempt to save it. To do this he has to be made mortal in the body of a Sholan slave. Damar does his job but he also grows to love the slave's mistress, to feel the burden of love and approaching death. He is returned to Damar but is a changed man now. "I am wounded, my immortality is decaying," he says, "and I embrace this wound, I welcome it." What happens to Damar is what should have happened to the book: the abstract is made mortal and embraceable. Fantastic voyages need to be charted against a strong underpinning of human emotion. —ANNE COLLINS

MACLEAN'S BEST-SELLER LIST

Fiction

- 1 The Parasitic Man, Graham (U)
- 2 The Prodigious Daughter, Ambler (U)
- 3 The Man from St. Petersburg, Pelech (U)
- 4 The One Tree, Donnelly (U)
- 5 Montague Quirk, Green (U)
- 6 Eden Burness, Pelech (U)
- 7 Friday, Brindley (U)
- 8 No Comedians, Fung (U)
- 9 The Angler Weir, Smith (U)
- 10 Canadian Skies, McDonald (U)

Nonfiction

- 1 Canada with Love, Mack (U)
- 2 Jane Fonda's Workout Book, Fonda (U)
- 3 The Great Code, Fry (U)
- 4 The Unger's Strike Back, Lacombe and Fisher (U)
- 5 Princess, Lacey (U)
- 6 The Fate of the Earth, Bell (U)
- 7 Living, Loving and Learning, Matthews (U)
- 8 Years of Universal Xmas (U)
- 9 When Did Things Happen to Good People, Lacey (U)
- 10 The Holy Bible and the Holy Grail, Rappert, Long and Leneke (U)

(U) Positions not ranked

MUSIC

Roll over Chuck Berry, Beethoven is news

By Paul McGrath

While the Toronto Symphony's brass section blares out the fanfare this week to open the new Roy Thomson Hall, the other members of the orchestra will have a few spare moments to survey their first new home in 59 years. What they will see is a beautifully appointed \$80-million concert hall—with almost that much money in jewelry on display in the front rows, at the banquet celebrating the opening of Toronto's corporate and government elite since the opening of Toronto's new city hall 17 years ago. Then, conductor Andrew Davis will lead the entire ensemble into William Walton's *Beethoven's Fourth* and with luck all thoughts will turn to music.

It took 14 years of campaigning for funds and four years of construction to produce this hatbox-shaped successor to the aged Massey Hall, the centre of the city's musical culture since 1884. Named after the newspaper magnate whose family contributed \$4.5 million to the project, the new \$80-million auditorium shines inside and out with an opulence definitely contrary to the general atmosphere of the 1880s. For classical music fans of all descriptions, Roy Thomson Hall is a symbol of prosperity in hard times. As audiences for more profitable arts enterprises shrink and private donations dry up, Canada's large symphony orchestras are, with some surprise, watching a steady growth in interest in music that has been overshadowed by the marketing pop music industry for the better part of two decades. As the record store the standard tale of recession was no more than to be heard, sales increase in classical superstores reach out to grab a previously unmet public. Also, who is to blame for buying tickets and recordings all at an unprecedented rate, they are coming to be regarded as the new thing in growth of the country's amateur and semi-professional orchestras, which are doing, scratchily and enthusiastically, to the tune of two per cent.

Part of the reason for the gradual swell of interest is that the young are beginning to go for heavy metal over heavy metal. In the '70s, under 30s reared on rock were shown at least halfhearted toward classical by the increasing complexity and extensiveness of rock music styles. What started as intense emotional accompaniment to Beatles' tunes in the mid-'60s grew to massive rock classics in such groups as



Roy Thomson Hall: the addition of the baby boomers carries toward the classical

Emerson, Lake and Palmer and Yes. And fans of these bands were used to an understanding of multitracked music. As exasperated rock continues to retreat into clubs, younger people are looking for new background music to their lives. When the babe boom approaches anything, that harness fortifies man.

Although serious demographic work has not been done, most of those who make their living from classical music are willing to say that an increase in the number of interested young people has boosted statistics on all fronts. Does "Myra" director of music at Ottawa's National Arts Centre, says he sometimes has someone to feel old. "I go to some concerts, especially chamber music and baroque, and the place is filled

with people in jeans, not at all the standard classical crowd. I am 38 and I feel like the oldest person there. The average audience is much more of an adult—thirty and upwards. It looks like a folk crowd."

The phenomenon of growth is perhaps most evident in those large orchestras whose financial problems could have killed them at any time in the past five years. Even those of Canada's large orchestras facing huge deficits are their audiences are growing at an unprecedented rate. The Montreal Symphony has been revived under the flashy brilliance of Charles Dutoit; a new people come to watch and whose recording contract with London Sirens in the city of other conductors across the country. The Toronto Symphony has watched its ac-

direct sales a steady 18 to 16 per cent during the past five years and expects to operate at a loss in 100-per-cent capacity in the first season in Roy Thomson Hall. The Winnipeg and Calgary symphonies report figures similar to Toronto's, and the Vancouver Symphony is making another season with what is regarded to be the largest subscription audience in the world. But the Atlantic Symphony has probably the most enviable record of them all. Under conductor Victor Yampolsky, the ASO saw a staggering 118-per-cent rise in its audience last year. Yet it, too, faces a deficit, primarily because corporate and private donations have dwindled during the recession.

Trade is more than brisk at the retail end of the business, with each dealer in effect. While sales of popular records have fallen to the point where large U.S. recording companies are laying off upper management, classical sales have grown to take up an increasing amount of the total volume of recording sales. Deborah MacCallum, classics manager for the nationwide A&A Records and Tapes store chain, says the increase has been 10 to 15 per cent each year for the past five years. She has been surprised at the success of music such as Ravi Shankar, who is now seen on his new release of the movie *20, and* of novelty items such as *Rocked on* Chanté, a melody of

there is another profitable world of listeners out there. "Berry has there's a big seller," says Van Pelt, vice-president of PolyGram Records' classical division. "The increase in traffic affects the entire range of classical music." The buyers are attracted by crossover personalities such as tenor Luciano Pavarotti and are moving toward the more serious parts of their repertoire. "There are all sorts of ways that people get into it," says MacCallum, "and once they're in, they become serious, committed buyers."



The Canadian Brass: John Philip Sousa done to disco

by a disco beat, which has brought people into the stores looking for the real thing. "Even 18 months ago nobody would have forecast that kind of interest in anything to do with classical music," says MacCallum. "Five years ago we were on the fringe, not an important part of the business. Now classical recordings account for about a quarter of our nationwide sales."

The big sellers, the classical packages, such as Columbia's *Greatest Hits of 1950*, and the crossover hits, such as the 70-member Association of Canadian John Denver tunes and Ensign John Galt playing traditional melodies, are the items that keep the traffic brisk. Classical musicians have realized that

those who make the money from the healthy attraction to rock contentedly because a risk has paid off, classical performers and administrators have learned to accept something that was once southern marketing. A classical fan is not born ready-made but has to be nurtured. That realization has changed the public image of classical music and musicians drastically over the past few years. "In the past, people involved in the music didn't want to think about selling it," says Betty Webster, director of the 70-member Association of Canadian Orchestras. "Now they have grown up in a way. They realize that they have to get out there, do whatever has to be done to expand the market."

Marketing equates with some odd tactics and strange venues. On the Toronto waterfront, the Canadian Opera Company competes for attention with the horns of Great Lakes steamers to bring one-hour distillations of well-known arias to the tourist crowd in the hopes of regular concert-season sales. According to coc-publisher director Michael Howell, last year's program attracted 2,000 people to the opera season and the income for the Harbourfront program this year suggests even better results. Playing outdoors in the summer is not the only gimmick. Last year the Calgary Philharmonic featured bluegrass music in orchestral arrangements to try to capture the urban cowboy market. This year the members of the Prince George Symphony will dress in period clothing, hire an actor to play Benjamin Franklin, and play an evening of Strauss waltzes as a fund-raiser. In places such as Saskatoon, Sask., and Sherbrooke, Que., pops concerts that feature the lighter side of the classical scene complement the regular seasons as artistic directors set their sights on the majority of Canadians who still look elsewhere for entertainment. The truth can often subsidize the more serious pursuits.

The Canadian Brass has learned that lesson well. Early on they earned all the critical kudos they could desire for their superb classical ensemble playing, but what made them the highest-grossing classical act in the country was their loosening of the reins with the novel rap, comedy, even a John Philip Sousa melody done to a disco rhythm track. They also reached out. Two years ago Beethoven's *Divertimento* offered the brass a \$250,000 interest-free loan for "exposure," they took it and ran. A cross-section wide range of new, including appearances on the major U.S. talk shows and *Sesame Street*. The Brass now asks \$10,000 to \$25,000 for a night's work. By the new year they will have added up totally unheard-of waters by releasing a 45-rpm single.

If all this suggests certain parallels to the machinations of popular music, it is because smart classicals have learned much from pop promotion and have, in some cases, taken on the attributes of pop stardom through proximity to pop artists. Toronto violinist Itzhak Perlman was not really a household word until he did his tricks on *The Muppet Show*. James Galway has put his face to pop purposes and will further attract pop audiences when he enters the recording studio with Elton John for the English singer's next album. In the mid-'80s, when Charles Berry rode a wild wave that he did his tricks on *The Muppet Show*. James Galway has put his face to pop purposes and will further attract pop audiences when he enters the recording studio with Elton John for the English singer's next album. In the mid-'80s, when Charles Berry rode a wild wave that he did his tricks on *The Muppet Show*. James Galway has put his face to pop purposes and will further attract pop audiences when he enters the recording studio with Elton John for the English singer's next album. In the mid-'80s, when Charles Berry rode a wild wave that he did his tricks on *The Muppet Show*.

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In a land of spreading despair

By Allan Fotheringham

The most fashionable spot to be in Vancouver these days is in an once slummy industrial island that still retains a cement-making plant and a few other relics of ugliness. Generally, it is the middle of False Creek, in a valley of urban renewal, funky and charming. All the old warehouses have been retained, cleaned up, painted and now contain theatres, restaurants, bakeries and farmers' markets that have made it the place to be seen. When a trendy new restaurant advertised the other day for three positions, it received 329 applicants. But the attraction wasn't the food—no, the motivation was the chance of fear one can sense in the cuisine, certainly in British Columbia.

With no leadership in the land, with no feeling that those in charge know where they're doing with the economy, the sense of fear has gripped those who have jobs, since there are so many without them. The threatened general strike in British Columbia, the showdown that was going to set the tone for the rest of the country's response to the government restraint program, has failed.

The reform movement, even here, has failed to come to the aid of the weary B.C. Government Employees Union. You can't get into a parking lot in Vancouver colleges, as young people, frightened by the job picture, try to improve their education rather than drift aimlessly on the unemployment rolls. Capilano College has received some 2,000 early mail-in applications for fall and part-time students, a 50-per-cent hike over last year. Admissions are up 24 per cent at Vancouver Community College's Langara Campus. The waiting list for fall-time programs at Vancouver Vocational Institute is up 40 per cent, 11,600 students. University of Victoria's early registration has jumped 13 per cent, and it's up 16 per cent at Simon Fraser University. This is as a time when Premier B.C. Bennett's restraint program has ordered the college system alone to slash \$8.5 million from its

spending. While the government cuts the money, the kids, out of fear for their future, swamp the gates.

At the giant B.C. Hydro dam at Revelstoke, one of the few mega-projects surviving in the province, the always restless construction camp is serene. There is none of the usual turnover of casual and drifting labor, young men who want to make a bundle in the wilderness and then head for the city to spend it. Supervisors find an unusually low turnover. Those who have jobs want to keep them. It's why there has been so little sympathy for the workers of the

crews, the doctors instead have offered to work \$30 million to the government—\$5,000 per doctor. B.C. doctors' demands fall in line, rolling back from 12 to six per cent, the fee increases they won from the government earlier this year. The chiropractors responded similarly. The teachers, facing massive cuts in spending, have offered to work five days in lieu of salary cuts.

The climate of fear, of distrust, of despair—in a land so obviously rich and so well endowed—springs because of the incompetence of those who've assumed to know what they were doing.

The bankers, the base of conservative Canadian wealth, the Presbyterian rock upon which we built this financial church, have groined just as gently and unopposed to the masters in Ottawa. It is not just Donnie Petrosian and such real estate giants as Dean Development Corp. that have benefited so enormously that they cannot continue their interest payments, thanks to slash-grasping by banks after takeover bids and wild expansion. Canada's supposedly solid backbone employed in the international markets involving the debts of Poland, Mexico, Cuba, Brazil, Argentina and Chile, now at the begging bowl before the perverted World Bank and the International Monetary Fund in their annual meeting in Toronto.

It doesn't really matter that Franklin Delano Roosevelt was not the true author of "we have nothing to fear but fear itself." Franklin D. Roosevelt and Henry D. Thoreau are before the poets in that F.D.R. failed a nation with it in the middle of the Depression. He gave the impression that he believed it, and so the Americans believed it. He was a symbol, rich himself, but he gave a signal and it was followed. As Canada at the moment there is no symbol and there is no signal. There is change as seen as discredited men changing to power only for reasons of self-justification—the prime minister attempting to arrange an artfully staged retirement, the finance minister refusing to admit he might have been wrong about anything. They have no credibility, and no one trusts them. As long as they remain, the climate of fear will remain.



government unions, 40,000 strong and bombarding—as its leaders nervously boasted at the start of the strike—a strike fund of some \$29 million.

British Columbia's famed labor solidarity has not come to the aid, it has just become indifferent. The unemployed are fearful enough that their jobs will never return, when they had them, that their business have shut down the fires to ruin their summer holidays and have shuttered the liquor stores. The bond of solidarity becomes very frayed. The once belligerent government union is weeping in the wind, trying sporadic spit strikes, breaking off talks, running tanking it is still as strike while sending its members back to work—but never again daring to shut down such precious resources as the ferries and the liquor stores at one time.

The climate of fear has overtaken the most affluent jurisdictions of the most prosperous decade in this country: the B.C. doctors in response to Victoria's call to roll back their scheduled fee in-



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